FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,017 — Thursday August 28 1986 — D 8523 B

Contradictions cloud US policy over Libya, Page 3

World news | Business summary

Moscow sacks prices chief

The Soviet Union has removed Mr Nikolai Glushkov, chairman of the State Committee for Prices and one of the country's most important economic officials, whose refusal to consider price changes was a big obstacle to economic reform.

Central control of nearly all Soviet wholesale and retail prices by Mr Glushkov's committee has prevented the implementation of plans to give enterprises greater financial and managerial autonomy.

Mr Glushkov, aged 67, had held his job since 1975 but came under attack in the press this year. His committee was criticised by Mr Mikail Gorbachev, the Soviet leader, in his address to the Communist Party in February. Page 14

Libya moves army

Libya moved its army and air force command centre 300 miles from Tripoli to the remote desert town of Hun, Western diplomats said. US policy contradictions, Page 3

Blast hits Kabul

Explosions lit the night sky over Kabul shattering windows six miles away, diplomats said. The Afghan Government said an ammunition dump exploded after a "technical error."

Romanian reshuffle

Key Romanian cabinet ministers were reshuffled in a move appeared linked with poor performance in exports and a bid to renegotiate part of the country's $6.6bn Western debt. Page 2

Summit hopes rebuff

Soviet officials rejected optimistic US statements and said there had been no real progress towards a superpower summit meeting. Page 2

Links to be restored

East Germany is expected to become the first Warsaw Pact country to restore relations with the Chinese Communist Party, during a visit to Peking by East German leader Erich Honecker. Page 2

Tan offers to quit

Malaysian businessman Tan Koon Swan, jailed in Singapore, offered to resign as president of Malaysia's biggest Chinese political party. Page 4

Philippine peace bid

Philippine President Corazon Aquino said her government would exhaust all efforts to solve the insurgency problem in her country by peaceful means before taking further military action.

Swedish satellites

Sweden plans to launch a series of small satellites up to 1990 as part of a service to improve the communication of Swedish companies with their foreign subsidiaries. Page 2

Tension at Short

The dispute at Belfast, Northern Ireland, aircraft maker Short Brothers over alleged intimidation of Roman Catholic workers worsened when about 2,000 Protestant workers walked out. Page 6

Corruption worries

Abuse of power by government and Communist Party officials ousted price increases as the biggest worry for Chinese surveyed in an opinion poll published by the New China News Agency.

Survivors trek home

Scores of survivors of Cameroon's toxic gas explosion, in which at least 1,500 people were killed, trekked home despite warnings that food and water in the disaster area were still contaminated.

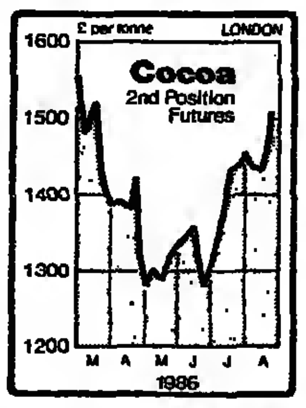
14 nations sign free trade agreement

AUSTRALIA'S pursuit of a freer world market progressed with the signing of an agreement by 14 nations aiming at the elimination of exports subsidies. Page 14

FRENCH Government appeared likely to approve the purchase of three airborne warning and control system aircraft from Boeing of the US in a deal worth $1.5bn. Page 14

BRITOIL, largest independent UK oil company, is set to sack 800 workers in addition to the 250 already made redundant this year. Page 7

COCOA futures market maintained its active trading in London on concern over growing conditions in West Africa and Brazil. The November position climbed £25 to £1,506.50 a tonne. Page 24



WALL STREET: The Dow Jones industrial average closed 0.28 up at 1,904.53. Page 32

LONDON: Equities turned higher after a mixed start and gilts ended with some gains. The FT-SE 100 gained 13.6 to 1,629.8, while the FT Ordinary share index rose only 3.9 to 1,280.5. Page 32

TOKYO: Prices fell on profit-taking. The Nikkei average dropped 137.56 to 16,503.27. Page 32

DOLLAR closed in New York at DM 2.0455, SFr 1.6445, FFr 6.7035 and Y154.75. It fell in London to DM 2.0445 (DM 2.0495); FFr 6.7025 (FFr 6.7150) SFr 1.6450 (SFr 1.6520), and to Y154.65 (Y154.95). On Bank of England figures the dollar's index was unchanged at 110.8. Page 25

STERLING closed in New York at $1.4835. It rose in London to $1.4845 ($1.4835). It fell to FFr 9.9500 (FFr 9.9625); SFr 2.4425 (SFr 2.4500); DM 3.0350 (DM 3.0400), and Y229.50 (Y229.75). The pound's exchange rate index rose 0.1 to 71.2. Page 25.

GOLD fell $1.375 to $381.00 on the London bullion market. It also fell in Zurich to $380.25 from $380.75. In New York the December Comex settlement was $386.30. Page 24.

STATOIL, Norway's state-owned oil company, said it was not in favour of the oil output cuts being considered by the Norwegian Government. Page 17

WILLIAMS Holdings, the UK engineering group, announced an agreed bid worth £57.5m ($85m) for London & Midland Industrials which will enlarge its US activities. Page 18

BLUE CIRCLE, the largest UK cement maker, suffered a fall in profit of nearly £10m ($14.8m) to £42.8m in the first half, partly because of bad weather and redundancy costs. Page 18; Lex, Page 4.

WILLIAM Farley, a Chicago investor, plans to raise more than $500m through a public stock offering of Farley Apparel, the successor to Northwest Industries, which he purchased last year in a $1.4bn leveraged buy-out financed almost entirely by debt. Page 15

GELCO, which controls the world's biggest container and fleet leasing companies, unveiled a major restructuring of the group and said it planned to retire up to $350m of unsecured debt. Page 15

Soweto rioting leaves at least 13 dead, 70 injured

SOWETO, the sprawling black township on the outskirts of Johannesburg, was tense but quiet last night after the worst violence since the state of emergency, writes Anthony Robinson in Johannesburg.

At least 13 people were killed and 70 injured as residents protesting against evictions for non-payment of rent clashed with police. Unofficial estimates put the death toll at 20, including 11 shot by police.

The violence erupted on Monday night and continued until yesterday morning after reports that municipal police controlled by the Soweto city council had begun evicting people and furniture from households involved in the 11-week-old rent boycott called in protest at the state of emergency and poor conditions in the township.

Barricades of cars, rocks and flaming tyres were thrown across roads in the White City area of Soweto, where a protest meeting was in progress, to keep police away.

When police in Land Rovers turned up to try to remove the barricades an unidentified person in the estimated 300-strong crowd threw a hand grenade, injuring four policemen, according to the official account of the Bureau for Information.

Police retaliated by firing into the crowd, killing seven people and wounding 61. In a later incident in the early hours of yesterday, police opened fire again on about 80 blacks who, they believed, were robbing a truck, killing four and injuring at least one other.

The official version of events is disputed by several of those wounded, who told that the police opened fire after groups of demonstrators tried to persuade the municipal police not to proceed with evictions.

Doctors said that casualties taken to hospitals and clinics had been shot by bullets and heavy duty buckshot.

Mr Nico Malan, the town clerk of Soweto, denied yesterday that any evictions had taken place in the area where the protests erupted.

Early yesterday a crowd outside the Soweto city council offices demanded an end to evictions. They were dispersed by tear gas, and eyewitnesses said groups then ran off to attack the homes of several city councillors.

One councillor, Mr Sydney Mkwanazi, died in hospital after being attacked with knives by a group of youths angered by news that one of their comrades had been shot dead by guards at Mr Mkwanazi's house. Another councillor fled with his family when a crowd set fire to his home at midnight.

Black councillors have been prominent targets for attacks throughout the last two years of unrest, which was sparked off in September 1984 by rent increases introduced by black councils whose only sources of income is from rent and service payments.

Schools throughout Soweto were empty yesterday as students boycotted classes, and the township was patrolled by security forces in armoured cars and other vehicles. Residents reported that tension remained high and said further violence could not be excluded unless the evictions were called off and troops and police removed from the schools.

The South African Council of Churches said it had information which indicated that the death toll could be higher than the 13 officially recognised.

Rents spark explosion, Page 4

Chernobyl may have suffered 'impossible' nuclear explosion

BY DAVID FISHLOCK, SCIENCE EDITOR, IN VIENNA

A NUCLEAR explosion may have occurred in the Chernobyl nuclear disaster, the International Atomic Energy Agency post mortem meeting in Vienna is discovering.

The nuclear industry has always claimed that the physical conditions of a nuclear reactor – any reactor – would make a nuclear explosion, as against a steam explosion, impossible.

A nuclear explosion could have even more serious repercussions on the public acceptability of nuclear energy in the West than have already ensued from what has been known of events at Chernobyl.

Detailed examinations of the final seconds in the life of the 1,000MW Chernobyl RBMK reactor suggest that a runaway nuclear chain reaction took place, blowing the fuel into fine fragments, which reacted with boiling water to produce two steam explosions.

The nuclear energy output of the fuel at the point of the steam explosions may have been hundreds of times the designed energy output.

In technical parlance, the reactor went "prompt critical."

In other words, a nuclear reaction in the fuel detonated the bigger steam explosion which lifted the concrete top off the reactor, with all the destruction which then ensued.

The meeting yesterday accepted the Soviet version of events "with some confidence as a clear and sound description of the accident," Mr Bryan Edmondson of Britain's Central Electricity Generating Board, told a press conference last night. But the Soviets have agreed that the terminal events may still need closer study.

The official Soviet report stresses that a non-nuclear explosion wrecked the reactor and some observers here still strongly deny that Chernobyl was a nuclear explosion. But the dividing line between nuclear and non-nuclear is becoming increasingly hard to draw in the context of this accident.

Missing from data supplied to the meeting by Moscow are any detailed recordings from the control room of the final seven seconds after the "scram" button was pressed.

This data, which is incomplete because of damage already sustained by the reactor through faulty operations, could reveal more precisely the terminal events, Western delegates say.

A senior US delegate said the control room records were needed "to peel the onion one layer deeper," adding that much of the data submitted about the terminal events was not of high quality.

He also stressed that US nuclear practice had put a big effort into designing out the reactor characteristics which had led to the Chernobyl accident.

He wanted to take another look at "how well we have protected our plants against this kind of disturbance," but added that it "certainly was not a nuclear explosion."

Soviet estimates suggest that the explosions blew about seven to eight tonnes of highly radioactive fuel out of the reactor, most of which rained down on the nuclear power station.

British delegates are impressed by the efficiency of the Soviet medical services, which showed every evidence of having rehearsed their procedures for a major accident.

The Soviet Union even claimed to have used its weather controlling

Continued on Page 14

GM warns of bleak outlook at Bedford trucks

BY KENNETH GOODING IN DETROIT

GENERAL MOTORS is making headway in Western Europe after several years of losses, but the outlook for the Bedford truck subsidiary in the UK is "dark by anybody's standards," according to the US group.

The European operations as a whola recorded a net profit in the first seven months of this year after losses of $291.1m in 1984 and $372.1m in 1985, according to Mr Robert Stempel, executive vice president with responsibility for GM's operations outside North America and its overall bus and truck business. Europe should also be profitable in 1987, he said.

Bedford's net loss for 1985 was £73m ($108m), up from a loss of £62.4m in 1984, and Mr Stempel insisted GM could not contemplate losses of that magnitude for much longer. "The deadlines are coming close, that's for sure."

He did not deny that GM might have to close the truck operations permanently. But he stressed: "We will try every other avenue first." None the less, there was no question of reopening negotiations with the British Government about a merger of Bedford with Leyland Trucks, subsidiary of the state-owned Rover Group.

GM was looking at the Bedford operations "piece by piece" to see what could be viable. Mr Stempel suggested that Bedford's van production, the military vehicle business, which has contracts to 1988, and the engineering operations and proving ground, which are doing a great deal of contract work for GM in the US, could all be viable.

West Germany's Opel, the key GM subsidiary in Europe, is emerging meanwhile from a three-year efficiency and cost cutting programme and should produce profits next year. Opel reduced its net loss from the record DM 694m in 1984 to DM 134.5m ($65.6m) last year.

But Opel's profitability – and that of GM's total European business – depended to a great extend on the reception to be given to the new executive car, the Opel Omega/Vauxhall Carlton, and whether the car would meet GM's sales objectives after its launch in the autumn.

At Vauxhall, the UK car subsidiary, GM has told trade unions that it needed a 25 per cent reduction in costs, including cuts in the workforce, to boost productivity.

Despite achieving record sales and market share last year, Vauxhall also sustained a record £47.4m net loss, up from a loss of £9.4m in 1984. Mr Stempel said the company would lose money again in 1987.

GM has taken the opportunity offered by the start-up of Nissan of Japan's UK factory to talk to the unions about a different approach to labour relations at Vauxhall. "We want to improve productivity by changing the way things are done."

Mr Stempel said the unions' initial reaction had been "encouraging. They realise we can't continue with the kind of losses Vauxhall has been experiencing."

Previous talks on a possible GM takeover of Leyland Trucks broke down in March when the British Government said that GM could not buy Land Rover as part of the deal.

Mr Stempel indicated that Land Rover was an essential element in the deal because it would have been, for the short term at least, a cash generator to offset some of the drain expected initially from both Leyland and Bedford.

Bonn to stem flow of Third World refugees

By Rupert Cornwell in Bonn

WEST GERMANY is to introduce a wide range of measures to reduce the increasingly unmanageable flow into the country of asylum seekers from the Third World. The moves are especially intended to bar access to those who are not genuine political refugees, but who come for purely economic reasons.

The measures, presented yesterday by Chancellor Helmut Kohl, were approved on Tuesday night by the Cabinet. They followed new figures showing that a further 9,341 such refugees arrived in the first three weeks of August, suggesting that the full year's total will break all records at over 100,000. The cost of maintaining them has been estimated at DM 2.6bn ($1.35bn) in 1986 alone.

Meanwhile, new clashes between different ethnic groups of asylum seekers have been reported. Fighting during the night between Indians and Iranians at reception homes in Passau, on West Germany's border with Austria left eight people injured, one of them seriously.

Faced with fierce opposition inside and outside his centre-right coalition, Mr Kohl has dropped plans to tighten the liberal asylum provisions of the 1949 constitution. West Germany would remain a sanctuary for those in real political danger. "But," he warned, "it is simply not possible that the Federal Republic should be a refuge for anyone in economic difficulty."

The steps unveiled yesterday are tailored to that end. Among the most important of them are:

- The extension to nationals of Lebanon, Syria, Ghana, Pakistan and Bangladesh of the obligation to have valid transit visas when passing through West Germany. This is designed to stamp out the frequent practice of disembarking during a stopover in Frankfurt, in order to seek refuge in West Germany.
- Airlines which transport asylum seekers without proper papers will be liable to fines of DM 2,000 per person, as well as other financial sanctions.
- German embassies in the Third World have been instructed to be much stricter in issuing visas. Henceforth, tourist visas for nationals from "problem states" will last for only four weeks, instead of eight weeks as at present.
- Qualified staff handling asylum applications will be increased, as will frontier police at entry points into West Germany commonly used by would-be refugees. People caught smuggling them into the

Continued on Page 14

Sedgwick to acquire Crump for £207m

BY ERIC SHORT IN LONDON AND ANATOLE KALETSKY IN NEW YORK

SEDGWICK GROUP, Britain's largest insurance broker, is expanding its presence in the US with an agreed £207m ($307m) acquisition of Crump Companies, the country's eighth largest insurance broking group.

The deal announced yesterday, which is being financed mainly by a £188m rights issue, will make Sedgwick the fourth largest broker in the US and the third largest in the world after the US broking giants Marsh & McLennan and Alexander & Alexander.

The takeover coincided with the publication of Sedgwick's interim results for 1986 which showed a 19 per cent pre-tax profit rise to £92.6m and a stated 9 per cent rise in the total 1986 dividend to 12p.

However, the London stock market reacted unfavourably to the deal and was disappointed with the dividend rise. Sedgwick's share price finished 27p lower at 345p after touching 342p.

Sedgwick has had a fairly modest presence in the US but for some time it has wanted to increase its presence in the largest insurance market in the world as the main feature in the group's overall expansion programme.

Last August Sedgwick became a major force with the acquisition of James Group, the US's fifth largest broker, giving Sedgwick a US retail broking arm for the first time.

This was followed with the $32.5m acquisition of Armistead Group last month, which added to Sedgwick's energy insurance presence and expertise.

Mr Carel Mosselmans, Sedgwick's chairman, said that the acquisition of Crump would further strengthen the group's position in the southern and western parts of the US as well as adding to the broking and management strength. Total brokerage income would now reach at least $500m a year.

Sedgwick has been negotiating the acquisition since May when Mr Saul Steinberg chairman of the Reliance Group, Crump's largest shareholder, announced he was disposing of its 38 per cent holding.

The sale comes at an opportune time for Reliance, which decided in July to repay a large proportion of its substantial high-interest debts by floating 33 per cent of its equity on the stock market. The Reliance offering is planned to go ahead within the next few months and is expected to raise upwards of $400m.

The stock market feels that the price being paid by Sedgwick, at 26 times Crump's historic earnings, is rather high.

Mr Mosselmans pointed out that Sedgwick was buying Crump's earnings which had shown 60 per cent growth each year from 1981, with 100 per cent growth in the first half of this year over 1985. But he admitted that there would be an initial earnings dilution.

The costs are being financed mainly from a one-for-six rights issue at 315p raising £186m, the £21m balance being financed from existing borrowings.

Lex, Page 14

Institutions approach Fermenta

By Kevin Done in Stockholm

A CONSORTIUM of Swedish financial institutions yesterday made an official approach to Mr Refaat El-Sayed, majority shareholder and group chief executive in Fermenta, the Swedish chemicals and biotechnology group, to buy part of his holding if the planned takeover by Italy's Montedison collapses.

Mr El-Sayed told a Fermenta shareholders' meeting last night that the consortium consisted of Industrivarden, an investment company closely associated with Svenska Handelsbanken, Sweden's second largest bank, Investment AB Beijer, an investment company controlled by Mr Anders Wall, the Swedish financier, and the Svenska Handelsbanken pension fund.

He was also negotiating with a number of so-called wage earner funds, five regional investment funds controlled by trade unions.

Mr El-Sayed said he was still in contact with Montedison, seeking a deal that could involve both the Italian concern as an industrial partner and a new ownership consortium comprising Swedish institutions.

The original agreement in principle of early July for the takeover by Montedison of Mr El-Sayed's holding in Fermenta – comprising 78 per cent of the votes and 44 per cent of the equity – has been running into increasing difficulties. It was formally rejected by the local trade unions in Fermenta on Monday.

Under the original deal, Mr El-Sayed would have withdrawn from

Continned on Page 14

CONTENTS

EUROPEAN NEWS

Sarah Webb reports on company attachments during parliament's recess

Swedish MPs take summer jobs

FEW MEMBERS of Parliament can claim to have worked as hotel kitchenhands, chambermaids or shop assistants. But Mr Sven Munke, a Conservative MP in southern Sweden, can put all three on his curriculum vitae.

He has worked in the kitchens and guest-rooms of the Grand Hotel in Stockholm and behind the counter at Nordiska Kompaniet (the Swedish equivalent of Harrods) in an effort to learn more about how the nation's businesses operate.

While most Swedes prefer to make the best of a short, sharp summer out of doors, an increasing number of MPs and civil servants are discovering the benefits of a company attachment during the parliamentary recess.

By the end of this summer, nearly 200 politicians will have worked at companies such as Asea, Electrolux, Findus, Nobel Industries, SAS, Skandinaviska Enskilda Banken and Volvo, meeting the management, union officials and factory workers.

The two-week attachments are arranged by the Society for Politics and Industry (SPI), and are meant to narrow the gap between the two spheres. In this respect, the Swedes have taken a leaf out of Britain's book because the assignments are modelled on the work of the UK's Industry and Parliament Trust.

"The problem with MPs is that they sit in the Riksdag (parliament) all the time and have no opportunity to meet people in industry," said a Saab-Scania spokesman. "Two weeks is a very short time, but at least it allows politicians to learn something about us."

It also gives those working in industry a chance to voice their complaints on such matters as the controversial wage-earner funds, introduced by the Social Democrats in 1983 with the intention of giving workers an increasing stake in Swedish industry.

Representatives of Swedish industry have recently been appealing to the Government for e more stable business environment. "Between 1983 and 1985, the Government introduced 46 tax changes related to industry, and this makes it very difficult for our members in industry to plan for the future," said Mr Lars Hultkvist, speaking for the Federation of Swedish Industries.

A survey by the conservative newspaper, Svenska Dagbladet, found that private-sector employees and entrepreneurs are underrepresented in the Riksdag. Only 34 per cent of Sweden's MPs come from this sector compared with 61 per cent of the working population as a whole.

Ms Mona Sahlin, a Social Democrat MP for Stockholm, spent two weeks in 1984 with Ericsson, the telecommunications and electronics group, and will spend two weeks with IBM before returning to parliament in October.

"It is particularly useful for me because I am very young – I entered parliament when I was 24 and before that I had no experience or occupation apart from working as a secretary.

"Computers and new technology are very important for Sweden's future. At Ericsson, I talked to the leading management and trade unions. I chose to go to IBM this year so that I could see a foreign company doing the same sort of things as Ericsson and compare the management and training," she said.

Other MPs choose to learn more about companies which are the main employers in their constituencies. "If I'm to be a good politician, I need to meet my voters, and about 2,000 of them work for Bahco in Enkoeping," said Mr Mats Karlsson, a Social Democrat MP for the area. He is spending six weeks this summer with the company's ventilation and tools divisions.

He says he will return to parliament with fresh ideas about the education system. The managers he has met at Bahco suggested that pupils should take some of their lessons and practical course work inside a company in future.

The SPI claims that MPs of every political persuasion are well represented on the attachments. However, the pharmaceuticals and biotechnology group Pharmacia, which has played host to eight MPs and civil servants since 1980, would like to meet more of the ruling Social Democrats.

"We feel that the Social Democrats are more interested in visiting companies with lots of blue-collar workers," said Mr Ola Carlsson, who liaises between the company and its parliamentary visitors. "Here at Pharmacia, we have mostly white-collar workers."

The attachment schemes have proved popular, with many of the participants making it something of an annual event, although they are not paid extra for the work and sometimes have to use a bit of elbow grease.

"It's very hard work cleaning rooms and making beds," said Mr Munke, referring to his spell at the Grand Hotel, "but I find when I'm in the Riksdag all winter, I don't have time to meet ordinary people. At the hotel, I did."

Poor exports linked to Romanian reshuffle

By Leslie Colitt in Berlin

A RESHUFFLE of key cabinet ministers in Romania appears to be linked with poor performance in exports and with a bid to renegotiate part of Romania's $6.6bn Western debt.

Mr Ilie Vaduva, Romania's Foreign Minister who took office last November, is to replace Mr Vasile Pungan, Foreign Trade Minister. Mr Petre Gigea, Finance Minister, was replaced by Mr Alexander Babe.

Romanian foreign trade rose by only 0.6 per cent last year and by 4.7 per cent in the last five-year plan compared with a 12 per cent target.

Trade with the West last year stagnated with the country earning a $2bn surplus in hard currency – $500m less than in 1984. Bucharest recently called on its Western commercial bank creditors to reschedule $880m debt due this year and next as a result of a rundown in its reserves.

Romanian cabinet ministers rarely hold the same post for more than two years and are frequently reshuffled before they are able to grasp the essentials of their work.

Mr Vaduva has an economics background and was previously a professor at the Academy of Economic Studies. It was not immediately known where Mr Pungan will be moved. The new Finance Minister, Mr Babe, is an unknown quantity according to Western diplomats in Bucharest.

The new Romanian Foreign Minister, Mr Ion Totu, was a Deputy Prime Minister who represented Romania in Comecon and was responsible for concluding recent long-term economic agreements with Moscow.

Mr Totu and Mr Ion Nicolae were replaced as Deputy Prime Ministers by Mr Cornel Pacoste and Mr Dimitrie Ancuta, who was previously an economic adviser to Mr Nicolae Ceausescu, the Romanian leader.

Nato proposal on European troop arrivals

By Our Stockholm Correspondent

THE NATO countries have said that they are willing to agree to the notification of troop arrivals in Europe.

The suggestion came at a working group meeting of the European Security Conference in Stockholm and is meant to cover the arrival of US and Canadian troops in Europe to participate in military exercises.

Tha Nato announcement was greeted as "a very positive step" by the Soviet delegation in the resolution of the issue of notification of troop movements.

Warsaw Pact countries have been pressing for a list of notifiable movements, including the arrival of transfer troops in Europe, whereas Nato's stance since the beginning of the conference has been that such troops should not be notified because they are not stationed in Europe.

Madrid to rule on lay-offs at Rio Tinto mine

By David White in Madrid

A SIMMERING conflict at the partly British-owned Rio Tinto copper mining complex in south-west Spain is awaiting a final government verdict on whether to allow the company to go ahead with a lay-off plan affecting more than 1,300 workers.

The company, Rin Tinto Minera, which is 49 per cent owned by Rio Tinto Zinc, has appealed against an initial decision, made on advice from the Socialist regional government, to block the lay-offs.

Labour authoritiea last week turned down the plan for suspending 1,100 workers at the mine in Huelva province and a further 200 at another mine in La Coruna province in north-west Spain, and said tha company should first restore "normality" by restarting production, which It stopped just over a month ago.

The Labour Ministry, which is under considerable political pressura after a series of protests in the region, Is due to reply to the appeal within a fortnight.

The company said It proposed to suspend the workers—about half its total workforce — for 18 months because of the depressed world price for copper and the low concentration of mineral at the Rio Tinto mine. Its losses of Pta 1.18bn (£6m) last year increased to abont Pta 2bn in the first half of this year, and a similar loss could be expected in the second half if it resumed prouction.

It said it was studying a viability plan to be negotiated with unions and government authorities, and was meanwhile waiting to see if prices recovered. It was not, however, contemplating a definitive close-down of the mine for the time being.

Rio Tinto Zinc last year invested $23m in a similar atake in a new copper pyrites venture in Portugal.

Italians set about drafting a budget

By John Wyles In Rome

THE NEW Italian Government, pasted together amid considerable recriminations earlier this month, will today confront its main task of drafting e budget and finance bill for 1987.

Although Prime Minister Mr Bettino Craxi has set a number of ambitious objectives for his second consecutive administration, agreeing a budget and then piloting it through Parliament could soak up most of the Government's energy and certainly test its cohesion during its projected seven-month term.

Mr Craxi's is the first post-war Italian Government to have been set up with the participating parties agreeing in advance when it should fall.

This was the price exacted by the Christian Democrats, the dominant member of the five-party coalition, for allowing Mr Craxi to hold on for a little longer to the power and position which he has enjoyed for a post-war record of more than three years.

The intricate and confusing political crisis which began with a parliamentary defeat and the resignation of Mr Craxi's first Government at the end of June was only settled five weeks later when the Socialist leader agreed to step down by the end of next March and to hand over the premiership to a Christian Democrat – most likely to be Mr Giulio Andreotti, the Foreign Minister and a permanent ingredient of Italian governments for more than 30 years.

Today'a Council of Ministers' meeting will consider a set of budget options prepared by Mr Giovanni Goria, the bearded 43-year-old Christian Democrat, which continue the efforts of the first Craxi Government over the last three years to reduce the Government's huge public-sector deficit and borrowing requirement.

The aim will be to reach decisions before the end of September and then to submit a bill for parliamentary debate and, inevitably, amendment so that the budget can be adopted by the end of the year. But the only certainty is that Mr Goria's proposals will not survive intact.

In the wake of widely publicised reports of his suggestions of higher transport fares and prescription payments, means-testing of social benefits and increased social security contributions by employers, cries of pain have been echoing throughout the land from the various interest groups affected.

Already members of most of the coalition parties have started to pick public holes in the proposals. Mr Craxi thought it necessary last weekend to issue a statement reassuring critics that nothing had yet been decided by the Government after the two largest trade union groups, the CIGL and CISL, had muttered darkly about a possible general strike. Meanwhile the confindustria, the employers' organisation, has accused Mr Goria of seeking to add to employers' costs in a way which will discourage investment and new employment.

At the same time the proposals are being lambasted by the main opposition Communist Party for the absence of any strategy for bringing down the 11 per cent unemployment rate – a charge echoed from within Mr Craxi's own Socialist Party.

With the economy heading for 3-3.5 per cent growth this year and enjoying falling energy prices as well as a much reduced balance of payments deficit, Mr Goria is finding it much more difficult to pit continuing austerity against the political attractions of loosening the belt.

His basic aim is a borrowing requirement of L100,000bn ($71bn) for 1987 which would come in at 12.2 per cent of gross national product compared with an expected requirement of 14.2 per cent of gross national product this year.

To achieve this the Treasury Minister is avoiding any new taxes but is looking for cuts of L6,400bn in current and capital spending. He expects a higher tax yield to bring in a balancing L4,100bn which he says will bring the borrowing requirement down to his target.

French may quit Lebanon force

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday appeared to be preparing to withdraw the French contingent from the UN peacekeeping force in tha Lebanon.

Confirmation that the Government was moving in this direction came with the disclosure that a French naval landing craft the "Ouragan" had been recalled from planned manoeuvres in the Atlantic and was heading for the Meditarranean.

The withdrawal of the 1,400 French contingent from the UN force (Unifil) set up in 1978 to police the ceasefire with Israel would spell its end as France provides almost a quarter of the troops. However, Mr Jean-Bernard Raimond, the French Foreign Minister, ruled out any unilateral withdrawal—coupled in French eyes with the ignominious pullout of US troops from tba multilateral force in Beirut in 1983.

Warnings nf a possible French withdrawal came on Tuesday from Mr Jacques Chirac, the Prime Minister. They were prompted by the continued harassment of French troops by Moslem militias. The French have had ten soldiers killed and numerous wounded while on duty with the UN force.

Mr Chirac said that it was important for the UN to redefine the force's role "otherwise it would be absurd, condltinns being what they are, to maintain these soldiers . . . and especially the French."

He bas long been known as a partisan for pulling out the French troops whom he considers vulnerable to reprisals by Moslem extremists and who complicate negotiations over the release of the French hostages in Lebanon.

President Francois Mitterrand, however, has favoured maintaining a French presence in Lebanon.

The Prime Minister is due to fly to New York next month to address the UN at its opening session. But both his speech on Tuesday and the redeployment of a French naval vessel seem designed to obtain action before then.

East Germany to restore party links with China

BY LESLIE COLITT IN BERLIN

EAST GERMANY is expected to becoma the first Warsaw Pact country to restore relations with the Chinese Communist Party during a forthcoming visit to Peking by the East German leader, Mr Erich Honecker. Links between parties are more important in relations between Communist countries than governmental ties.

The East German news agency said Mr Honecker would pay an official visit to Peking in the latter part of October at the invitation of the Chinesa Communist leader, Hu Yaobang and the President, Li Xiannian. He will also visit North Korea and Outer Mongolia.

East European diplomats in East Berlin said ties between tha Communist parties nf China and East Germany would be restored aft a break of more than 20 years following the breach nf relations between Moscow and Peking. Moscow, they noted, gave its approval to the resumption of party links by East Germany even though the Soviet Union and China still do not bave such ties.

Once East Germany has resumed relations, they said, Hungary, Poland, Czechoslovakia and Bulgaria were expected to follow suit. Romania was the only Warsaw Pact member which maintained party relations with the Chinese.

China has frequently said in the past that it was prepared to have relations "on all levels" with the East European countries but not with the Soviet Union. The Chinese position has apparently not changed, despite a conciliatory speech directed at Peking last July by Mr Mikhail Gorbachev when he visited Vladivostock.

Since then, it has become apparent that Moscow no longer insists on making Eastern Europe's Communist party relations with China dependent on its own. The Chinese welcomed Mr Gorbachev's proposals to improve relations but said they were still inadequate.

Trade between China and the Comecon countries rose by 70 per cent last year to $3.5bn. It is conducted on a barter basis using the Swiss franc as a comparative currency. This suits both the Chinese and members of Comecon whn are short of hard currency. Sino-Soviet trade last year reached $1.9bn which was just short of the record set in 1959.

Top Moscow officials see no progress over summit

SENIOR SOVIET officials said yesterday there had still been nn real progress towards a superpower summit and charged US officials with falsifying the issue, Reuter reports from Moscow.

Mr Georgy Arbatov, the Kremlin's top adviser on the United States, was asked at a news conference about optimistic statements from the US Administration about a meeting this year between President Ronald Reagan and Mr Mikhail Gorbachev.

"It's a conscientious falsification . . . as I understand it," be said. "Nothing has changed and the two major factors remain (unsolved)." These were an improvement in the political atmosphere and concrete progress on arms control.

However, Mr Arbatov added that be detected a hint of change in US political thinking. Washington officials said yesterday that intensifying contacts between the superpowers appeared to be leading towards a summit this year.

Mr Arbatov, Mr Valeatin Palin, the Novosti news agency chief, and Mr Gennady Garasimov, the Foreign Ministry spokesman, all painted a bleak picture of the state of relations.

Mr Arbatov said ties had worsened since last November's summit.

Their complaints centred on Mr Reagan's refusal to join a year-old Soviet nuclear test moratorium, extended last weak, his plana to ease nbserving tha Salt 2 arms treaty this year and the Star Wars defence programme.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

IFC to back equity plan for Third World

By Nancy Dunne in Washington

THE International Finance Corporation, the arm of the World Bank promoting private enterprise ventures, announced yesterday it is to launch a service providing total guarantees for equity investments in developing countries.

The IFC service, called Guaranteed Recovery of Investment Principal (Grip), seeks to reverse declining equity investment in the Third World. Sir William Ryrie, chief executive of tha corporation, said the guarantees would remove all risk of capital loss, a primary concern among US, European and Japanese investors.

Although it may be some months before IFC announces its first Grip project, Sir William and other IFC officials said several banks, large companies and financial institutions had been contacted and had expressed interest in what will, in effect, be a new financial instrument.

Under a Grip programme, an investor will deposit funds with the IFC for a specific project and a specified time. The investor will receive a US dollar debt instrument, backed by the IFC, set to mature on a certain date and transferable.

The IFC will make and manage the investment after charging a minimal front-end fee to cover costs. Dividends and capital gains — which are not guaranteed — would be shared by IFC and the investor in agreed proportions.

The programme is not likely to be considered for investments worth less than $5m, Sir William said. Because it does not like to tie up its funds, the IFC rarely takes on an equity investment of more than $30m, but under the new scheme, a Grip could go up to $100m. Additional funding will be raised through parallel or co-investment.

When a Grip investment matures, an investor has three options: withdrawing capital from the project, extending the agreement, or taking over the investment as the shareholder.

Mr Emmanuel Gonzalez, an IFC official, said the Corporation was also developing a similar instrument to combat capital flight by bringing a basket of potential investments to nationals living abroad.

Conflicting statements make Washington's attitudes hard to fathom, reports **Reginald Dale**

Contradictions cloud US policy on Libya

CONFLICTING pronouncements by unnamed Administration officials yesterday heightened the confusion over US policy towards Libya that has reigned here for the past three days.

The Washington Post quoted "informed sources" as saying that the Administration was waging a war of nerves against Col Muammer Gadaffi, the Libyan leader, "to scare him into an irrational reaction."

Taking a quite different tack, the New York Times said that Administration officials were now concerned that speculation about new Libyan acts of terrorism "had got out of hand." The speculation had, of course, been fuelled by other anonymous Administration officals earlier in the week.

The widely varying newspaper accounts and contradictory statements by officials, all unnamed, were typical of the Washington machine at a time when people in different departments, and at differing points on the political spectrum, all compete to influence the policy-making process.

Anonymous leaks and innuendo are the main weapons. The newspapers join in the game with a competitive zest for front page stories—particularly in the slow month of August—when a healthy dose of journalistic scepticism might help to keep things in clearer perspective.

This week's excitement began with a front page erticle in the Wall Street Journal claiming that the US and Libya were "on collision course once again." It quoted one senior US official as claiming that tha Libyans had forgotten the lesson of April's US bombing raid, and another as saying that Col Gadaffi "seems to have gone off his rocker again."

Yesterday, the Washington Post said that the Wall Street Journal story had been inspired by staff members of the National Security Council, where the "scare Gadeffi" plot had been hatched. The aim, said the Post, quoting "a knowledgeable source," was to frighten Col Gadaffi into reacting and "to embolden possible opponents in Libya into action."

In this light, senior Administration officials were pleased with the alarmist reactions of the Soviet Union and Libya to the long-planned joint US-Egyptian military manoeuvres in the Mediterranean this week. "US news reports of the forthcoming European trip of UN Ambassador Vernon Walters, which also was planned well in advance, have helped to create an impression that new US actions against Libya are likely," the Post said.

Not quite so, said the New York Times. The Administration was actually worried that speculation stirred up this week might undercut Mr Walters's efforts to persuade European governments to impose new sanctions against Libya. He might be unable to produce proof of the planned Libyan terrorist activities, for which US officials have vaguely said they have "evidence" or "indications" this week.

Col Muammer Gadaffi (left) and Mr Vernon Walters.

While officials in other departments, including the White House, have been stoking up the story, the Pentagon, which would have to carry out any action against Libya, has been constantly trying to play it down. The US-Egyptian manoeuvres are strictly routine and there is no plan to strike Libya, the Pentagon says. Allegations that Col Gadaffi is about to launch a new round of terrorist attacks are "disinformation," according to one of the Post's presumably military "sources."

What is clear is that it remains US policy to retaliate if Col Gadaffi can be proved to be behind further terrorist actions; that there have long been contingency plans for such action; and that some people in the Administration would like to have another go at him. Some would even like to needle him into doing something that would justify such retaliation.

With both President Ronald Reagan and Mr George Shultz, the Secretary of State, on holiday in California, the field is wide open to lower level officials who want to promote confrontation. It may serve the Administration's purpose of keeping Col Gadaffi guessing about US intentions, in the same way that Washington constantly tries to bemuse President Daniel Ortega of Nicaragua.

It may also be intended to suggest to the allies that the US may attack Libya again if they do not agree to new sanctions. But with Mr Walters due to arrive in Europe in the next few days, the allies seem to be just as perplexed as everyone else—although they have the uncomfortable memory that it was Mr Walters who brought word of the bombing raid last April, and lined up Mrs Thatcher's support.

Reuter reports from Moscow: The Soviet Communist Party daily, Pravda, said yesterday that a US naval build-up off the Libyan coast was being used by Washington to divert attention from its rejection of recent Kremlin arms control initiatives.

US business productivity falls in second quarter

BY ANATOLE KALETSKY IN NEW YORK

PRODUCTIVITY in US business declined by 0.3 per cent at an annual rate in the second quarter of this year, the Labour Department reported yesterday, revising sharply downwards preliminary figures it issued a month ago. The poorer productivity performance reflected a large downgrading of the original estimates of non-farm output and a slight increase in the number of hours worked in the second quarter.

Productivity was even weaker in the non-financial corporate sector, which excludes unincorporated businesses and companies engaged in banking, finance, insurance and stock trading. Non-financial productivity fell by 2.3 per cent at an annual rate in the second quarter, after declining by 0.5 per cent in the first three months of the year. The second quarter productivity decline reflected a 3 per cent decrease in output and an 0.7 per cent decrease in hours worked.

Taken together, the productivity measures for the last three quarters suggest that the non-financial business sector, which accounts for 59 per cent of the US Gross National Product, is still going through its worst period of productivity deterioration since the end of the 1982 recession.

The manufacturing sector, which accounts for 24 per cent of GNP, is doing a great deal better. Manufacturing productivity rose at a rate of 2.2 per cent in the second quarter.

Mexican police charged over alleged torture

ELEVEN Mexican policemen have been charged in the alleged beating and torture of a US narcotics agent in the western city of Guardalajara, AP reports from Mexico City.

The Attorney General's office said the Jalisco state policemen were charged with abuse of authority and inflicting injuries on Victor Cortez Jr, a US Drug Enforcement Administration (DEA) agent, after he was taken into custody on August 13.

The US lodged a diplomatic protest against Mexico, alleging that Cortez was subjected to "unprovoked, brutal and criminal acts"

The DEA said he was beaten and given electric shocks.

Bolivia to cut back state sector mining operations

THE BOLIVIAN government has announced it is cutting back operations at the state-owned mine holding company, Reuter reports from Patacamaya. Miners' leaders said the move would mean the loss of thousands of jobs.

The Government said the loss-ridden company, Corporacion Minera de Bolivia (COMIBOL), would close two of its 24 mines and lease out nine others, preferably to workers' co-operatives.

The plan was quickly rejected by union leaders heading a protest march by some 5,000 miners across the barren Andean plateau towards the capital, La Paz.

Mr Simon Reyes, head of the national mining union, said the plan would tear apart the company, whose operations mainly involve tin mining but also a few lead and silver deposits. The company lost $246m (£165.8m) last year with the collapse of the world tin price.

Leaders of the miners' Communist-led union said the government decree would lead to the dismissal of nearly a quarter of COMIBOL's 21,000 workers.

In response to the announcement, they said the union would press for total control of the company and publicise this demand when their protest march reached La Paz. They plan to stage a mass hunger strike in churches and schools when they reach the capital.

The protest was sparked by miners' fears that the Government might turn over the state mining companies to the private sector.

SCORES of survivors of Cameroon's toxic gas explosion, in which at least 1,500 people were killed, trekked home on dirt roada yesterday in spite of warnings that food and water in the disaster area were still contaminated, Reoter reports. "We cannot keep people away," said General James Iataw, who is leading the disaster effort. "The villagera want to guard their property, or claim their dead families' possessions."

Cameroon troops (ebove) wearing bandanas across their faces egainst the stench of death, were sent into the area to bury thousands of asphyxiated cattle amid fears the fly-infested carcasses could cause an epidemic. One survivor said he woke gasping for breath but saved himself by crawling into an outer kitchen where the gas did not reach him.

Israelis strengthen influence in Africa

BY ANDREW WHITLEY IN JERUSALEM

THIS WEEK'S tragedy in Cameroon, in which an estimated 1,500 people died from the effects of toxic gases, might have resulted in an unfortunate setback for Israeli foreign policy.

The news of the underground gas leak was cooing in just as Mr Shimon Peres, the Israeli Prime Minister, was about to set off on his visit to the West African nation. The visit was designed to mark the restoration of diplomatic ties broken after the 1973 Middle East war. It was the first by an Israeli Prime Minister to a black African country for 20 years.

As it happened, the Israeli leader was able to turn adversity to advantage; Israel was the first member of the international community to respond, in practical terms, to the tragedy, when Mr Peres assembled a medical team to travel with him. It was a golden opportunity to demonstrate to other African countries the kind of down-to-earth help which Israel had always prided itself on supplying in the past.

Slowly but surely, Israel appears to be gaining the upper hand in the undeclared war it has been waging since 1973 with the Arab world for influence in the newly independent African countries.

It now has formal diplomatic relation with seven black African countries: Cameroon, Ivory Coast, Zaire, Liberia, Malawi, Lesotho and Swaziland. Interest sections operate in Kenya, Togo, Ghana and Gabon, and hopes are high that relations will soon be restored with Senegal.

Israel has also built up an export trade worth $100m in 1985 to black African countries, despatching technical aid experts to a dozen countries. Economic links with two of the most important, Kenya and Nigeria, are extensive.

Zaire, Chad, Gabon and the Central African Republic are all believed to be customers of the flourishing, but never publicly acknowledged, Israeli arms export business, and even Marxist Ethiopia, ostensibly an arch opponent, is believed to have received Israeli weapons.

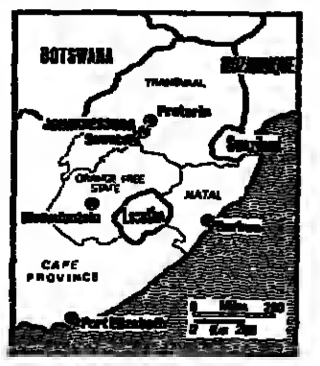
Security and intelligence assistance is another murky area. Zaire's President Mr Mobuto Sese Seko and General Samuel Doe, leader of Liberia, are reported to have been among the beneficiaries of Israeli expertise.

Two factors have contributed to the rapprochement: the decline in Arab oil earnings and therefore financial muscle; and Israel slowly distancing itself from South Africa, a close strategic ally in the years after 1973

OVERSEAS NEWS

Anthony Robinson on how tension passed breaking point in a South African township

Rents spark explosion of violence in Soweto



WIDESPREAD ANGER and resentment over the handling of black education and fears of eviction from homes for non-payment of rent lie behind the latest explosion of violence in Soweto, an explosion which the authorities feared might happen on June 16, the 10th anniversary of the Soweto rising, and which has been only delayed by imposition of the state of emergency.

Soweto is only one, albeit the biggest, of at least 38 black townships around the country where an estimated 300,000 black households are refusing to pay rent and service charges to black local authorities. According to the Community Research Group of Witwatersrand University, local authorities are losing an estimated R30m (£7.7m) a month and in some townships, like Sebokeng and Evaton and Sharpeville on the East Rand no rents have been paid since September 1984.

Rents are the main source of income for the black local councils set up in 1983 and significantly it was the decision to raise rents without prior consultation in September 1984, at precisely the time when thousands of black workers were being laid off as the recession hit, that sparked off the cycle of violence which two states of emergency have smothered but not ended.

The rent boycott, called by black community organisations linked to the umbrella United Democratic Front (UDF) is aimed not only at seeking rent reductions and improved services but also at bringing pressure on the authorities to remove troops and police from the townships and schools and supporting wider demands for the release of jailed leaders and black/white political negotiations.

It has led to a battle of wills in which the Government, through the councils, is threatening to evict non-payers while groups of radical youths are threatening those who do pay with the firebombing of their houses and death by flaming tyre around the neck.

In an attempt to provide the safety of anonymity to those who want nothing more than to be left alone and pay their rents, tenants in Soweto have been offered postal payment facilities. An office has also been set up in the former development board offices in Johannesburg's Albert Street where rents can be paid far from the vigilant eyes of street committees organised throughout the townships.

In some of the better-off areas of Soweto like Orlando, rents have been reduced and are being collected more or less normally, residents say. But in the poorest areas of this sprawling metropolis where over 2m people live, squeezed into tiny houses and backyard shacks, the boycott is solid and the threat of evictions ever present.

It was precisely in these poorest areas of Soweto like White City and Jabavu that the violence erupted on Monday night after the hated "black-jacks," poorly trained and ill-educated municipal police recruited mainly from the black homelands, had reportedly begun evicting non-paying tenants and their furniture from their homes.

Mr Nico Malan the white town clerk of Soweto yesterday denied there had been any evictions in the area where violence flared and said that only four families had been evicted in the whole of Soweto that day, in a neighbouring area called Jabulani.

Word on the township grapevine that evictions were imminent, confirmed yesterday morning by a singularly ill-timed interview in the Sowetan newspaper by the director of housing who said solution of the 11 week rent boycott lies in eviction of recalcitrants, led to Monday night's protest meeting in White City. As it took place barricades of flaming tyres, cars and junk were built across the streets to prevent police entering the area.

As fighting continued throughout the night, groups of young "comrades" went from door to door urging residents to take part and in the morning a large crowd marched to the council offices to demand an end to evictions and lower rents.

According to black eyewitnesses it was after the swelling crowd was dispersed by teargas that groups ran off to attack the homes of community councillors, who have been one of the main targets of township wrath for the last two years.

Although the eviction issue appears to have been the spark which set off the latest violent clashes with the security forces tension has also been running high in the township schools. Anger rose further after the fatal shooting of a black student and the wounding of eight more on Monday when police fired on a crowd of 500 protesting schoolchildren at a Soweto high school. Police said they opened fire after the crowd stoned a passing car with four white plain clothes policemen in it.

Nationwide over 300,000 black schoolchildren, nearly 20 per cent of the total, have been denied access to classrooms during the new school year for refusing to enrol under tight new security rules. The rules have placed armed soldiers in many schools and forced students to wear identity discs rejected by many as a new version of the hated pass laws, abolished two months ago.

Schools in Soweto and many other townships have been mounting a sporadic boycott campaign since schools re-opened three weeks ago and holding clandestine "alternative education" courses on black history and politics instead of attending formal lessons.

The combination of school unrest and boycotts, threatened evictions and the heavy presence of armoured cars and armed police and troops since the state of emergency has once again raised tensions to breaking point.

South Africa's trade surplus widened to R990m (£253m) in July this year from R940m a year earlier, but narrowed from the R1.21bn surplus recorded in June this year, the customs and excise office said yesterday, AP reports.

Exports in July rose to R3.84bn from R2.80bn a year earlier, while imports increased to R2.85bn from R1.86bn.

Anthony Robinson adds: the latest economic forecast from the bureau for economic research at the University of Stellenbosch reports that consumer confidence has declined and the economy is in the grip of a Catch 22 situation.

The re-introduction of the state of emergency, continuing political violence, an economic package described as "too little too late" by the media and increasing international pressure for the imposition of further sanctions has played a major role in influencing the perceptions of consumers, it said.

Hong Kong's visible trade surplus declines

Hong Kong's visible trade surplus in July narrowed to HK$674m (£58m) from HK$1.62bn a year earlier, inspite of strong improvements in the territory's export and re-export trades, AP reports from Hong Kong.

The Government said domestic exports were up 23.3 per cent from a year earlier to HK$14.27bn, while re-exports — goods assembled in Hong Kong of components made elsewhere — rose 18.5 per cent to HK$10.56bn. Total exports, of which domestic exports accounted for 57.5 per cent were up 15.4 per cent to HK$69.18bn.

The Government described the increases as further evidence that a recovery in Hong Kong's export trade, which slumped in 1985, is gathering momentum.

The exports improvement was more than countered by a 28.1 per cent increase in imports, which amounted to HK$24.16bn.

Afghan explosions

A large ammunition dump exploded and a series of huge blasts ripped through the Aghan capital of Kabul early yesterday, AP reports from Islamabad. Numerous casualties were feared after the suspected guerrilla attack.

The dump for the Afghan Army's 8th division in the Qarga lake area blew up after a series of blasts late on Tuesday night. The blasts and explosions continued for more than five hours and the dump was still burning out of control late yesterday, western diplomats said.

Lebanon peace talks

Lebanese cabinet ministers will meet next Tuesday to start a new Moslem-Christian dialogue in efforts to end Lebanon's decade-old civil war, Prime Minister Rashid Karami said yesterday, Reuter reports from Beirut. Christian politicians and militia leaders, welcoming Mr Karami's peace moves, yesterday called for an immediate truce.

China currency move

China will abolish its parallel currency, called foreign exchange certificates (FECs), on November 1, according to a pro-Peking newspaper quoted by Reuter.

The Wen Wei Po said the Bank of China would stop issuing FECs in October, six years after they were introduced for use primarily by foreigners. Chinese and foreign businesses like to be paid in FECs as, unlike renminbi, they can be exchanged for foreign currency. A lively blackmarket in the certificates has sprung up in recent years.

Hindus arrested

Indian police arrested at least 800 Hindus in different parts of western Ahmedabad City yesterday to prevent sectarian clashes during a major Hindu restival, AP reports from New Delhi.

Jailed Malaysian offers to quit as party leader

BY WONG SULONG IN KUALA LUMPUR

MR TAN KOON SWAN, the prominent Malaysian businessman and politician, who was this week jailed by the Singapore High Court for abetment in criminal breach of trust, yesterday offered his resignation as president of the Malaysian Chinese Association (MCA), the largest Chinese political party in Malaysia.

His resignation was announced by Mr Lee Kim Sai, the MCA secretary general, who said the party's central committee would meet tomorrow to consider the matter.

The party is expected to accept Mr Tan's resignation. MCA leaders have begun distancing themselves from him recently, in spite of strong statements of support they expressed when he was arrested last January in connection with the collapse of Pan-Electric Industries, the Singapore marine salvage, engineering and hotel group.

Mr Tan, 45, became president of the MCA last November after an 18-month power struggle, and his resignation could spark off another bitter contest. This is something the party can ill afford, as it was humiliated at the recent general elections, when Chinese voters deserted and voted for the opposition Democratic Action Party.

Although Dr Ling Liong Sik, the party number two and Transport Minister, is expected to take over, he has two severe liabilities: he is English-speaking among largely Mandarin-speaking members, and he lecks grass roots support.

Mr Tan was jailed for two years, and fined S$500,000 (£156,000) after he pleaded guilty to abetment to criminal breach of trust in relation to stock market manipulation of Pan Electric and other companies under his control.

He is appealing against tha jail term, but legal experts say it is unlikely the Singapore Supreme Court will vary the sentence. The Supreme Court will hear his appeal against refusal for bail on Monday.

Meanwhile, Malaysian financial circles say the sentence could upset Mr Tan'o agreement with the five Singapore brokers over forward share purchase contracts he had agreed to take over from Pan Electric.

The deel involves Mr Tan guaranteeing the brokers a certain price for shares in his companies, Grand United Holdings (GUH) and Suprema Corporation, whose suspension are to be lifted to allow trading.

With Mr Tan in jail, it is doubtful whether GUH and Supreme can be traded, and if so, whether their share prices can reach levels anticipatod in the deal.

Anglo American chief hits at sanctions supporters

BY ANTHONY ROBINSON IN JOHANNESBURG

MR GAVIN RELLY, chairman of the Anglo American Corporation, South Africa's largest mining and industrial conglomerate which stands to lose heavily from sanctions against South African mineral exports, yesterday attacked Australia and Canada for their "duplicitous and cynical morality" in supporting sanctions.

"Since it is well-known that there are international surpluses of coal, steel, iron and uranium, and these are areas in which Australia and Canada are in direct competition with South Africa, the moral case with which these countries have found themselves able to contemplate bans on these specific products is absolutely clear for all to see," he said.

It was also no accident that countries which stood to lose little or nothing through sanctions had become their keenest advocates while in countries which did have a stake in the economic health of South Africa, and where sanctions might result in direct losses, protectionist lobbies were pushed forward instead.

Mr Relly, in a speech to the South African British Trade Association, said there was little chance that Mr Bob Hawke, the Australian Prime Minister, or any of his successors would promise the return of the former South African coal market and the jobs which depend on them once apartheid has expired or share any of the proceeds with blacks "over the many years that sanctions may endure."

He estimated that 130,000 jobs, of which 100,000 were held by blacks, would be lost if the EEC, Japan, the US and the Commonwealth countries imposed sanctions on mineral exports. "Whole towns like Richards Bay, Saldanha Bay, Witbank, Middleburg and Newcastle could become industrial wastelands," he said.

The multiplier effect through the impact on the electricity corporation Escom, the nationalised transport corporation Sats and other parastatal, private and public companies could lead to total job losses conservatively estimated at 300,000. Including dependents, some 2m people could be affected if sanctions were successfully imposed, said Mr Relly, although he added: "I am not suggesting that a total ban will be imposed in practice."

Mr Relly

Asean economic ministers lay groundwork for summit

BY SAMUEL SENOREN IN MANILA

ECONOMIC ministers from the six countries in the Association of South East Asian Nations (Asean) are meeting for three days in Manila starting today to lay the groundwork for the third Asean summit next year.

The summit may lead to the organisation of an Asean common market and, as an initial step, the Philippines, which is hosting the summit, is to push for the adoption of an Asean currency union.

Last week, the Government of President Corazon Aquino authorised trade transactions with Asean partners to be funded in their currencies instead of US dollars. The currency union scheme will allow currencies of the Philippines, Indonesia, Singapore, Malaysia, Thailand and Brunei to be freely circulated within the Asean region.

Mr Jose Concepcion, the Philippine trade minister, is expected to formally present the currency plan to the economic ministers during the meeting which ends on Saturday.

Mrs Aquino believes Asean has not done enough in fostering trade and economic cooperation among members.

Japanese railway posts record loss of Y1,848bn

BY CARLA RAPOPORT IN TOKYO

THE JAPANESE National Railways (JNR) has proved once again that Japan's much-admired efficiency does not apply to running the nation's railroads.

The government-owned railway yesterday registered a record loss of Y1,847.8bn (£8bn) in fiscal 1985, nearly Y200bn up on the year before. This brings JNR's cumulative losses to Y14,121bn and its long-term debt to Y23,561bn.

The Government plans to privatise the loss-making railroad next year. However, the huge debts plus JNR's swollen workforce are making the task difficult. It is estimated that between 60,000 and 80,000 workers must be cut from the current 300,000-strong workforce if JNR is to run efficiently again.

Since 1964, JNR's share of passengers and freight has been falling.

Yesterday's figures show that JNR's bullet train, the Shinkansen, produced a profit of Y230bn last year, but other passenger services lost Y1,160bn.

Kuwait considers imposing taxes

KUWAIT, FORCED into severe budget cuts by the oil price crash, is considering charging "symbolic" fees for services offered free under its model welfare system, Reuter reports from Kuwait. The introduction of taxes, which only foreign companies pay at present, has also been suggested.

Mr Jassim al-Khorafi, the Finance Minister, said this week that Kuwait "will not be able to continue the policy of free services as its used to . . . (and) is studying now the possibility of imposing some symbolic fees on some services."

His remarks to local reporters came after the Cabinet last Sunday approved a budget envisaging a 38.6 per cent revenue drop to $6.56bn in the 1986-87 year ending June 30, with a 40 per cent plunge in oil income.

It projected a nominal deficit of $4.57bn, double that budgeted for 1985-86, after cutting spending by 11 per cent and topping up a savings fund for future generations.

The state provides free health and edncation, while staple foods, electricity, water, petrol, public transport, household fuels and telephone services are heavily subsidised. Earlier this month Mr Mohammed Soleiman Sayed Ali, the Kuwaiti Planning Minister, said it was high time citizens shared responsibility with the government. He suggests that a tax system, of which he gave no details, would net 400m Kuwaiti dinars ($1.37 trillion) a year.

As oil prices tumbled last December, the elected national assembly (now suspended) blocked Government plans to adjust rates for electricity in a move aimed at penalising excessive use. According to one government minister, fees charged for public services had covered only 8 per cent of their cost over the previous decade.

Indonesia's real economic growth slows to 1.9%

BY MICHAEL BYRNES IN JAKARTA

REAL ECONOMIC growth in Indonesia fell from 6.1 per cent in 1984 to only 1.9 per cent last year, according to first official figures. The slowdown was partly the result of a fall in the prices of oil, tin and other commoditeis.

The 1.9 per cent figure is roughly in line with the expectation of private business economic observers and the World Bank.

This year's growth is expected to decline further because of the collapse of world oil prices which hit hardest from January.

The reduced growth rate compares with an average 6 per cent achieved between 1979 and 1984.

In 1985 the agricultural sector grew by 3.4 per cent and manufacturing by 5.9 per cent, but mining and quarrying declined by 5.6 per cent.

WORLD TRADE NEWS

US leasing group places $840m jet aircraft orders

INTERNATIONAL Lease Finance Corporation (ILFC) of the US has placed orders for 30 commercial jet aircraft worth $840m (£567m) in three separate transactions, Reuter reports.

Some $30m will have a spin-off effect for Rolls-Royce of the UK which will be a major engine supplier.

The company said it has signed definitive lease agreements or is finalising lease agreements with nine airlines for the 30 aircraft.

These orders bring its total purchases of new and used aircraft to more than $3bn for the first eight months of 1986, the company said.

Lease Finance said the 30 aircraft include 15 McDonnell-Douglas MD-80s for $400m, seven new F-100s from Fokker of the Netherlands for $140m, and seven new and one used aircraft from Boeing for $300m.

The orders for the new Boeing aircraft are included in a memorandum of understanding under which Lease Finance will buy 46 new aircraft valued at $1.7bn, the company said. A used 767-200 jet is being purchased under a separate agreement with Boeing for delivery this month.

Earlier this year, ILFC ordered its first RB211-535E4-powered Boeing 757, for delivery in the spring of 1987.

With this order, ILFC becomes the first leasing company in the world to buy the new Fokker 100. The first prototype aircraft is now under construction at Fokker's in the Netherlands and its first flight is scheduled for later this year.

BP sells plant to China

FINANCIAL TIMES REPORTER

BP CHEMICALS has sold a 60,000-tonne linear low-density polyethylene plant (LLDPE) to China Petrochemicals International (CPI) for an undisclosed sum.

It is expected to be installed alongside 40,000 tonnes of existing capacity at CPI's operation at Lanzhou in the north-west of the country by 1988.

The plant uses BP's own gas phase technology and is similar to a 100,000-tonne unit for the company's own use which was commissioned in Lavera, southern France, in January.

BP has granted three other licences for similar operations in the US and India and is currently negotiating about 20 more deals.

The plant will enable China to make a wide range of plastics products and help reduce its dependence on imports of primary polyethylene which last year rose to 741,000 tonnes from 695,000 tonnes in 1984.

US-Taiwan trade talks on verge of breakdown

By Robert King in Taipei

INTENSE bilateral trade negotiations between the US and Taiwan were on the verge of breaking down yesterday as the two sides failed to meet during talks aimed at achieving the opening of the Taiwan market to US goods.

At issue is Taiwan's insistence on a 135 per cent mark-up on imports of American beer, wine and tobacco, which Taiwan had earlier agreed to pay as a token of its sincerity in opening its markets to US goods.

Failure of Taiwan to satisfy Washington's negotiators could, however, bring punitive action by the US Government on imports from Taiwan under a section of the US trade law which deals with unfair trading practices.

As a result of the refusal of both sides to modify their positions, negotiators have not yet had a chance to address other issues on the agenda.

These include export-ratios and local-content requirements for foreign companies here, Taiwan's tariff levels and its relationship to preferential-tariff treatment on roughly $3bn (£1.35bn)-worth of Taiwanese goods exported to the US each year.

Taiwan appears to have no recourse but to comply with American requests for equitable tariff treatment for its beer, wine and tobacco. These exports are seen by some in Taipei as a test of Taiwanese sincerity in trade matters.

Turnover is surging ahead for a country's leading 'domestic exporter'

Polish company beats currency block

OBTAINING HARD currency for Western imports can be a nightmare for Polish companies these days. The government's hand is in the till of Bank Handlowy, the foreign trade bank, siphoning off convertible currencies to service the debt to the West. The rescheduled debt rose $2bn from January to June, reaching $31.3bn.

However, one thriving Polish company has instant access to Western currency. Pewex, the ubiquitous chain of shops which sell Western and Polish products to Poles for dollars is the country's leading "domestic exporter." Other East European countries also have hard currency shops such as Tuzex in Czechoslovakia and Intershop in East Germany, but they play a less vital role for the population than does Pewex.

Last year, the 640 Pewex shops from the Odra to the Bug rivers, had record sales of $292m of which $201.6m was for Western goods. Turnover this year is surging ahead with sales of $160.4m in the first six months.

Mr Tadeusz Bielski, Pewex's director, explained in an interview that it was difficult to provide a profit figure as the hard currency income is converted into zlotys. Last year zloty profit, be noted, was Zl 13bn ($89.6m at the official rate).

The Polish Treasury gets 55 per cent of the hard currency income, with 20 per cent going to the budget and 35 per cent to the domestic trade ministry for essential consumer imports. The remaining 45 per cent is used by Pewex for imports.

Mr Bielski said the sharp increase in sales was mainly because of new offers by the company, especially electronic equipment. Japanese personal computers, for example, went on sale last year and were an instant hit while purchases of video recorders went from 5,600 in all of last year to 15,000 in the first half of this year. This was aided by a Zl 20,000 customs duty slapped on personal imports of video recorders by Poles returning from the West.

Pewex sales had fallen in recent years after hitting a previous high in 1982. The reason given by the company was that the drop reflected an improvement in supplies on the domestic market. Mr Bielski acknowledged, however, that there is still a direct relationship between the availability of consumer goods for zlotys—still very poor—and Pewex turnover.

How do individual Poles get the foreign currency to buy at Pewex if Polish companies are so strapped for hard currency to buy Western goods?

Mr Zbigniew Karcz, head of the international relations department at the Finance Ministry, noted that Poles have $800m deposited in dollar accounts bearing high interest rates at the Polish Savings Bank, PKO. This is money sent by relatives in the West as well as income earned by Poles who worked there. Other Poles working on projects in Comecon countries are partly paid in dollar certificates which resemble monopoly money.

These certificates or dollars can be used to buy goods in Pewex shops or to buy a car from the state foreign trade organisation, Polmot. The dollar price for a car is well below the zloty price when calculated at an exchange rate to be explained further on.

Paying in dollars also shortens the waiting time for a tiny Polski Fiat 126 which costs $1,550 from three years and longer to three months. Many Poles used to bring in their own cars from the West but the imposition of a stiff customs tariff last year caused Polmot's dollar sales to Poles to rocket.

The dollar is Poland's second currency, without which it is impossible to buy desired goods, Leslie Colitt reports

Poles who want to buy dollar certificates for use in the Pewex need only look in the official newspapers for ads placed by citizens wanting to sell them. The exchange rate is conveniently published in a leading Polish weekly and is currently Zl 700 for a $1 certificate. Although the official rate is Zl 159 to the dollar, buying dollar certificates at more than four times this rate is wholly legal. Exchanging zlotys for dollar bills or any other hard currency notes on the other hand is illegal although very widespread. Thus, with compelling Polish logic the black market Exchange rate is virtually identical with the legal one for dollar certificates. The result is that the dollar is Poland's second currency without which it is impossible to buy desired goods.

Armed with either form of hard currency, Poles buy everything from chocolate to building materials from Pewex. Polish vodka is a favourite item, making up 27 per cent of Pewex sales last year, costing 90 US cents for a half litre bottle. At Zl 700 to the dollar, that marks a saving of a couple of hundred zlotys for each bottle compared with the cost in State shops.

Apart from vodka, Pewex sells relatively few Polish goods. Mr Bielski explained that under the "social agreements"—concluded between the government and the now banned Solidarity union—Pewex could no longer sell Polish consumer goods which were in short supply on the domestic market.

The classic case was illustrated by the story of the exasperated Pole who walked into a Pewex shop in 1981, ordered five tins of Polish ham, and insisted in paying in zlotys. When told they accepted only dollars, he protested: "Isn't this Poland?" The manager called the police who, although they could find no regulation saying that goods bought in a Polish shop could not be paid for in zlotys, took in the irate customer for further questioning.

West Germany is the main supplier of Pewex products, about 17 per cent value, with Japan in second place, some 11 per cent last year, followed by Hong Kong, the UK and France.

Inevitably the mere existence of Pewex has led to a widespread belief in Poland that it must be tainted with corruption. A recent Polish news agency report that the manager of a Pewex shop in Kielce was charged with embezzling $60,000 caused one Pole to yawn and ask what else was new.

Record vehicle output for Japan

JAPAN produced a record 1.15m vehicles in July, up from the previous peak of 1.14m in October, 1985, and 1.11m a year earlier, the Japan Automobile Manufacturers' Association said, Reuter reports from Tokyo.

June production totalled 1.07m vehicles.

July output included 744,994 cars, up 9.5 per cent from a year earlier and surpassing the record 717,651 in October, 1985, 398,598 trucks, down 4.7 per cent, and 3,836 buses, down 52.1 per cent.

July vehicle export figures are expected to show a 5 per cent fall from June's 5.1 per cent year-on-year rise.

January to July output totalled 7.39m vehicles, up 2.2 per cent from the year earlier period, including 4.71m cars, up 5.6 per cent, 2.65m trucks, down 2.1 per cent, and 26,686 buses, down 54.6 per cent.

Motorcycle production fell 24.8 per cent to 339,641 in July from 451,673 a year earlier, for the sixth consecutive year on year decline, but was up from 316,404 in June.

This brings cumulative output to July to 2.3m from 2.68m a year earlier.

Robert Gibbens in Montreal adds: Japanese car manufacturers can raise their share of the Canadian market to 21 per cent in the fiscal year, ending March 31, 1987, from the present 18 per cent limit, under an agreement with the Canadian Government.

This means an increase in shipments of 36,000 units this year to about 240,000.

Among the special features of the TSB Group Share Offer is a bonus for the faithful.

If you hold on to your shares for three years, you'll receive one bonus share for every 10 you bought during the Offer (on the first £5000 worth of your original investment).

So if, for example, you're allocated 500 shares and keep them for three years, you'll then get 50 extra shares for no extra payment.

The share price will be announced soon.

Whatever this is, your minimum investment will be about £400, payable in two instalments: about half now and the balance in about 12 months' time.

Unless, that is, you've been a TSB bank customer since before 17th December 1984 and have registered your priority. Then, your minimum investment need be only about £200, similarly payable in two instalments.

In either case, you can of course apply for more than the minimum.

To reserve a prospectus and application form as soon as they're available, send in the coupon right away, phone 0272 300 300 or call at any TSB branch.

The TSB Group want as many shareholders as possible, from all walks of life.

We hope you'll be among them.

Now it's your turn to say yes.

To: TSB Group Share Information Office, PO Box 330, Bristol, BS99 7TT. Please send me, without obligation, information about the TSB Group Share Offer.

Name ....

Address ....

....

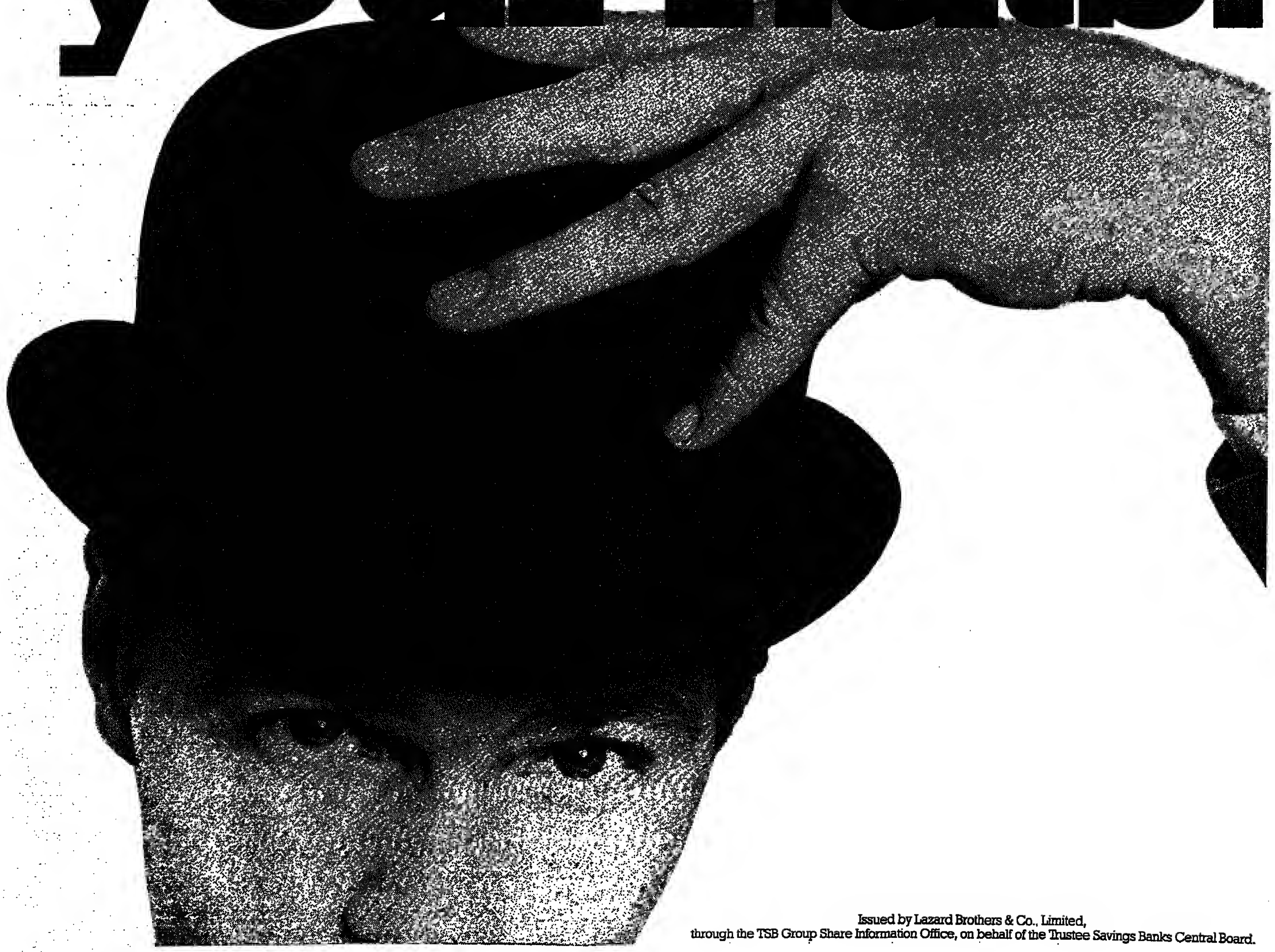
....

....

Post Code ....

TSB GROUP 1986

Hold on to your hats.



Issued by Lazard Brothers & Co., Limited, through the TSB Group Share Information Office, on behalf of the Trustee Savings Banks Central Board.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1985							
1st qtr.	106.7	103.5	104	113.4	133.9	3,138	153.6
2nd qtr.	108.9	104.5	109	115.0	141.4	3,174	161.7
3rd qtr.	108.4	103.7	103	116.3	145.2	3,124	164.4
4th qtr.	108.4	103.5	104	116.6	177.7	3,122	168.2
1986							
1st qtr.	109.3	103.1	97	118.0	145.4	3,171	164.6
2nd qtr.	108.5	103.4		120.2	152.7	3,208	175.1
January	108.4	102.8	89	117.0	145.6	3,153	159.7
February	109.9	103.3	97	117.2	140.9	3,161	165.0
March	109.5	103.1	104	119.8	148.6	3,199	168.8
April	110.3	103.7	100	119.3	152.1	3,200	169.0
May	108.3	103.0		118.2	149.8	3,205	171.1
June	107.0	103.6		122.4	155.4	3,220	185.3
July				120.9		3,224	195.2

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
1st qtr.	103.4	102.9	109.9	104.1	111.0	100.7	14.0
2nd qtr.	103.4	105.0	113.5	105.6	115.9	102.1	18.2
3rd qtr.	104.3	102.3	113.3	103.5	114.4	103.2	17.3
4th qtr.	103.7	102.6	113.5	103.1	111.6	102.8	15.6
December	104.3	103.2	110.9	104.0	110.0	102.0	11.0
1986							
1st qtr.	103.2	102.6	115.0	102.4	110.6	104.0	14.2
2nd qtr.	104.5	101.8	113.4	102.7	111.5	104.0	10.8
January	102.3	102.3	114.0	102.0	112.0	103.0	13.9
February	104.0	102.7	115.9	103.0	110.0	105.0	12.5
March	103.6	103.9	115.2	103.0	110.0	103.0	16.3
April	104.8	102.1	116.7	103.0	109.0	106.0	18.9
May	104.2	101.7	113.0	103.0	112.0	102.0	20.0
June	104.5	101.7	110.4	102.0	113.0	104.0	20.5

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn*
1985							
2nd qtr.	120.5	124.8	−124	+1,587	+2,411	97.8	14.32
3rd qtr.	116.3	124.1	−453	+1,472	+1,900	100.2	14.18
4th qtr.	118.9	127.4	−225	+762	+1,893	101.6	15.54
December	119.4	127.8	− 18	+422	+491	101.7	15.54
1986							
1st qtr.	117.4	126.1	−1,400	+528	+1,994	101.0	18.75
2nd qtr.	121.3	128.4	−1,554	+546	+765	102.5	19.20
January	118.7	120.3	+155	+1,090	+987	101.7	15.56
February	120.7	125.8	−344	+152	+678	100.7	15.81
March	112.7	132.2	−1,211	−714	+330	100.7	18.75
April	122.2	121.9	−265	+435	+265	101.7	18.99
May	120.7	131.4	−666	+ 34	+212	102.2	19.17
June	121.1	129.3	−623	+ 77	+288	103.7	19.20
July							19.08

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advncs. %	BS inflow £m	HP lending† £m	Base rate %
1985							
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,082	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,374	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,299	3,431	11.50
December	2.7	29.1	14.2	17.0	865	1,192	11.50
1986							
1st qtr.	6.5	9.9	16.7	12.2	2,220	7,260	11.50
2nd qtr.	2.5	33.0	33.8	26.7	1,433	7,694	10.00
January	9.8	14.6	11.1	11.4	770	2,734	12.50
February	4.6	5.3	6.8	9.1	793	2,310	12.50
March	5.1	8.2	14.3	16.4	657	2,216	11.50
April	0.3	21.5	28.6	26.5	756	2,741	11.50
May	3.5	42.8	39.4	27.9	500	2,375	10.00
June	3.8	35.1	33.5	25.0	177	2,578	10.00
July	3.7	29.1	18.5	15.9	387		10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* cmdty.	Sterling
1985							
2nd qtr.	170.3	138.8	139.4	375.3	339.4	1,954	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.5	1,706	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	1,771	79.8
December	180.0	134.7	141.9	378.9	339.4	1,771	79.1
1986							
1st qtr.	179.1	132.6	143.4	380.8	343.3	1,812	75.1
2nd qtr.	184.0	126.3	145.7	385.7	349.5	1,453	76.1
January	176.9	135.0	142.7	379.7	341.1	1,840	76.6
February	177.9	133.5	143.3	381.1	343.6	1,808	74.2
March	182.4	129.4	144.3	381.6	345.2	1,813	74.6
April	184.0	127.1	145.4	385.3	347.4	1,786	76.2
May	182.3	126.7	145.9	386.0	349.8	1,763	76.1
June	185.8	125.0	145.9	385.8	351.4	1,453	75.9
July		120.8	146.1	384.7	347.4	1,460	74.0

* Not seasonally adjusted.
† From January 1986 includes amounts outstanding on credit cards.

UK NEWS

New business mix gives Harland steadier look

BY ANDREW FISHER, SHIPPING CORRESPONDENT

IT IS turning out to be quite a year for Harland and Wolff, the state-owned Belfast shipbuilder which snatched a vital naval contract from under the nose of Tyneside's Swan Hunter in April and now has an order book worth some £300m.

Mr John Parker, the 44-year-old Ulsterman who is chairman of the yard, believes its present mixture of merchant, naval and offshore business offers firms "just about the most sophisticated order book in Europe."

Today, if the Northern Irish weather is not too rough, the keel will be laid at Harland for one of the most advanced non-naval ships ever built in a UK yard – the £75m Swops (single well oil production system) vessel for British Petroleum.

Next week, Harland is likely to announce a fall in losses for the financial year to March 31 1986. In 1984-85, they shot up by £8m to nearly £36m after a fire on one merchant ship under construction, the poor performance of sub-contractors on another and redundancy costs.

For the 5,000 workers in the yard, half the level of the mid-1970s, the size and nature of the order book means a full workload for the rest of 1986 and into 1987. In politically and commercially sensitive Northern Ireland, the yard is a vital part of the local economy.

But shipbuilding is a chancy occupation in these days of world over-tonnaging and excess yard capacity. Even the dominant Japanese and South Koreans are striving hard to find orders.

Thus, admits Mr Parker: "If there is no more work, we start hitting difficulties next year." Current orders comprise a big bulk carrier for British Steel (£35m), the Swops ship, the conversion of a container ship to an aircraft training vessel (£60m), and the latest £130m naval order for an auxiliary oil replenisher (AOR).

His former employer, British Shipbuilders, where he was deputy chief executive until 1983, recently announced a doubled trading loss of £137m, which was boosted to a £430m deficit by a book loss on the privatisation of its warship yards and redundancy provisions.

Harland's latest order, the AOR, which is designed to provide a wide range of fuel and other support services for the new Type 22 frigate fleet, landed it in the middle of one of the bitterest controversies ever to hit UK shipbuilding.

Swan Hunter, bought by its management with the backing of City of London institutions at the start of this year, thought it had the order for the AORs – six are planned ultimately, and two were expected to be ordered in 1986 – almost in the bag.

But the Belfast yard had teamed up with the Yarrow warship yard on the Clyde (now owned by General Electric) and Racal, the electronics group, to mount a rival bid. Harland, where the actual construction will be done, finally won the day on price.

Harland and Swan Hunter, which has since received a £115m Type 23 order, strongly attacked each other's bidding tactics. Swan claimed it was impossible to guarantee that state aid for Harland's merchant activities would not affect the AOR order, on which no subsidies are payable.

In the end, only one AOR contract was awarded. The Harland consortium was also subjected to stringent contract terms, with a threat that the yard might not be able to bid for more naval work if its costs on the order rose by more than 5 per cent.

Not surprisingly, the Belfast yard was less than happy about the tough conditions, though insisting it could live with them. Mr Stuart Hunter, project management director, said the yard had really needed two AORs to keep it busy for a long enough period.

To accomodate two such complex ships as the AOR and Swops, the yard – which has the biggest dock in the UK – has had to develop advanced systems of planning.

The BP ship, designed to suck up oil from small and so far uneconomic accumulations under the seabed, will involve Harland in 8,000 separate work activities alone, from design work to completion. This is about twice the number on the more straightforward bulk carrier it is building.

The yard has already brought in more flexible working and cost-saving practices on conventional ships. Mr Parker reckons the bulk carrier will be completed with some 20 per cent fewer manhours than a similar ship built for British Steel.

As well as the Swops ship, Harland is also building the on-board oil refining plant. Both among management and workforce, new planning and cost-control disciplines have had to be learnt for the move, via Swops, into the demanding world of building for the offshore oil industry.

"There is a substantial cultural change between shipbuilding and offshore requirements," said Mr Hunter.

Protestant workers in walkout at Shorts

By Our Belfast Correspondent

THE DISPUTE at Shorts, the Belfast aircraft manufacturers, over the alleged intimidation of Catholic employees worsened yesterday when Protestant workers staged a walkout.

Last night, Shorts said about 15 per cent of the 7,000 workforce had been involved.

A company spokesman confirmed that the walkout had happened but was unable to say how many people were involved.

Yesterday's protest follows an order last week from Sir Philip Foreman, chairman of Shorts, that all flags and political emblems should be removed from the shopfloor after the alleged intimidation of Catholic workers by extremists among the Protestants, who make up nearly 90 per cent of the workforce in the East Belfast factory.

Mr Peter Robinson, Democratic Unionist MP for East Belfast, had given a warning that the management's ban could lead to industrial action.

A worker, claiming to represent those involved in the walkout yesterday afternoon, said the management were engaged in "heavy-handed tactics" in enforcing the chairman's directive. He alleged that the management was determined to cause a confrontation with the workers.

The controversy blew up 10 days ago when a number of posters appeared in the factory, accusing some Catholics of being "IRA sympathisers." Time cards belonging to several Catholics disappeared, and the Royal Ulster Constabulary was called in to investigate what Shorts described as "these sinister developments."

The company said that any worker found to be involved in such intimidation would be sacked.

Protestant loyalists at the state-owned plant have been involved in previous walkouts over political issues since the start of the Ulster troubles.

Although the company would not comment, it was feared that there could be further protests at the factory as the management sought to impose its ban on flags and other political emblems.

Slide in whisky exports to US

BY LISA WOOD

EXPORTS of Scotch whisky increased by 2 per cent in the first six months of this year compared with the same period last year with markets such as the EEC and Japan showing particular growth. Sales to the US, however, which account for about a quarter of all exports, plunged by 10 per cent according to figures published by the Scotch Whisky Association (SWA).

In the same period last year substantial US stocks were bought in advance of an increase in Federal Excise Tax in October. The SWA said the US downturn also had to be judged in the light of an overall decline in consumption of "brown" spirits in the US.

While sales of Scotch may have declined in the US the drink has performed better than American whiskey and Canadian and Irish brands. In 1985 exports of Scotch whisky to the US declined by 3 per cent against an overall downturn for distilled spirits of 1.6 per cent but against 5.4 per cent for all whisky types according to a report published today by Wood Mackenzie.

Since the peak sales year of 1979 scotch sales in the US have declined by 26 per cent.

Brussels' action on airlines 'having effect'

BY LYNTON McLAIN

THE DECISION of the European Commission to open legal proceedings against 12 Community airlines for breaches in competition rules "is having the desired effect and negotiations for change in the Community are gathering momentum," Mr Stanley Clinton Davis, the competition commissioner at the European Commission, said in London yesterday.

A meeting of EEC transport ministers will take place in London on October 3 to review the position.

"I am hopeful that this will signal the start of a process that could lead to agreement on the detail of a step-by-step approach by the end of the year," Mr Clinton Davis told the Financial Times conference on "World Aerospace to the end of the Century."

Negotiations between the 12 EEC members for an agreement on five changes proposed by the Commission had not gone as quickly as the Commission wanted. This was "partly due to the difficulty of the negotiations and partly due to the lack of political will on the part of governments and airlines," he said.

"The Commission has never accepted that US-style deregulation would be good for the Community. When we framed our proposals two years ago we said a categorical 'no' to deregulation. We are still saying it," Mr Clinton Davis told delegates.

Conditions in the US were quite different from those in Europe. "There is a serious doubt that the highest safety standards can be maintained in a world of total deregulation," he said. Evidence of this might be seen in the enormous fines imposed on major US carriers over the past year.

The Commission was trying to move a step at a time, assessing continuously benefits and costs of changes in air transport. But, he said, "nobody can remain insensitive to the tide of popular demand for lower fares and/or for fairer conditions. The feeling is abroad that the travelling public is simply not getting a square deal and I agree."

The Commission wanted EEC transport ministers to agree to a relaxation of rules to allow enterprising airlines to offer lower fares. "We want to end the practice whereby one EEC government can veto the lower fares of a competing airline of another member state or can force EEC airlines to agree fares with each other," he said.

The Commission also wanted to limit government interference in airline capacity arrangements, but it was prepared to accept, under certain conditions, "some restrictive airline practices such as revenue pooling and talks on fares and capacity," he said. "I am confident that our objectives on fares and capacity will be achieved."

Mr C. Edward Acker, the chairman and chief executive officer of PanAm, said the airline anticipated entering into co-operative arrangements for through-services and joint marketing with European airlines. Pan Am was interested in providing "new competition in Europe" in the light of moves to liberalise air transport.

"We are ready, willing and able to operate in more intra-European markets, if and when regulatory barriers are relaxed," Mr Acker said.

He forecast that, with traffic below normal this summer, "we could very well be looking at an exceptionally vigorous upturn on the Atlantic next year."

FINANCIAL TIMES CONFERENCE
World Aerospace

He also called for "an efficient, environmentally acceptable supersonic aircraft able to carry loads large enough to make them economically viable." He urged airlines, governments and manufacturers to work together to make the aircraft a reality by the end of the century or before.

Mr Lim Chin Beng, deputy chairman of Singapore Airlines, said the Asia Pacific region had been the fastest growing in the world in air transport. "The airlines of this region will have the biggest slice – one third – of world passenger traffic by 1992," he said.

"The velocity of growth has been dramatic and although growth rates could not be expected to remain at the same high levels, UN forecasts show an average annual growth rate of about 10 per cent for scheduled passenger traffic for the 10 years to 1992."

Mr Colin Marshall, chief executive of British Airways, said all airlines in Europe needed to be far more energetic about doing more to broaden their customer base by relaxing fare and destination rules, with the onus firmly on governments.

"Current regulation in Europe limits the airlines and deprives the passengers of choice of schedule, carrier and proper pricing," he said. "This makes the protected airlines less able to compete in the world marketplace. The only protection ultimately is to be more competitive."

Mr Marshall said there were a number of areas in Europe where BA and some of its European associates found fares too high. "But there is very little we can do since ultimately they are set by governments, not by the airlines."

British Airways intended to support the European Community action looking towards greater regulatory freedom.

Mr Michael Spicer, the UK Minister for Aviation, said that the immediate priorities for the Government were to settle the next phase of the move towards the liberalisation of European air services; the privatisation of British Airways and the British Airports Authority; the completion of environmental reviews and the settlement of UK differences with the US "to ensure that the interests of our industry are preserved."

He said that the constraints on a liberal market for aviation were enormous.

Mr Christopher Tugendhat, in his first public speech as chairman of the UK Civil Aviation Authority (CAA), said that new safety standards introduced by the CAA since the explosion on the British Airtours 737 aircraft at Manchester last year would cost UK airlines about £11m in the first year.

Airlines and manufacturers were wary of those costs of safety regulation, especially airworthiness requirements, which had a national rather than an international basis.

Britoil cuts more jobs in wake of crude prices fall

BY MAX WILKINSON, RESOURCES EDITOR

BRITOIL, the UK's largest independent oil company, is preparing to make 800 employees redundant in addition to the 250 people who have already lost their jobs this year.

The total loss of jobs, representing 40 per ceot of Britoil's payroll, will be easily the largest announced by any oil company in the UK sector since the fall in crude prices. It follows Britoil's announcement earlier this year that it would cut capital expenditure by 40 per cent in response to the collapse of oil prices.

About three quarters of the latest round of redundancies will be made at Britoil's Glasgow office. About 150 jobs are likely to be lost in the Aberdeen office which runs the company's offshore operations.

Jobs are likely to be lost in all parts of the company from the management downwards. The staff has not yet been informed officially. The company would only say yesterday that after a review of its activities it was expecting to make an announcement early next month.

Although Britoil has been run with conservative financial policies and has a broad spread of activity in North Sea exploration and production, its lack of refining or other involvement in petroleum product markets has made it especially vulnerable to the fall in crude prices. The staff cut might save Britoil perhaps £25m in salaries and overheads in a full year.

The largest North Sea operators, Shell, British Petroleum and Esso, have all been able to offset the deterioration in crude production revenues from increased refinery profits. The collapse of crude oil prices from about $30 per barrel last autumn to $8.60 last month had a much greater impact on Britoil's financial results.

Britoil's operating profit in the first half of the year was cut to £100m from £365m in the first half of 1985. After-tax profits were cut to a third of last year's level at £34.5m and the company said that it would scarcely break even in the second half if the oil price remained at its level at mid-summer.

Shell and BP have so far been notably ceutious about announcing redundancies in their exploration and development departments. Exxon, Esso's parent company, announced that it was offering early retirement to 40,000 of its staff, but most were in the US. Only about 200 administrative jobs were lost in the UK when Esso Europe was disbanded and a significant number of the people displaced were reabsorbed into other parts of the group.

Liffe plans launch of rival options contract

BY ALEXANDER NICOLL

THE LONDON International Financial Futures Exchange (Liffe) is to introduce options based on the Financial Times-Stock Exchange index of 100 shares as part of its preparations for October's Big Bang reforms of UK securities markets.

The new contract is to be launched on September 30.

Liffe's decision was being examined closely last night at the Stock Exchange, which owns the rights to the FT-SE index and had not been notified of Liffe's plans. The new contract will compete with the Stock Exchange's own options oo the FT-SE index.

Stock Exchange options officials were understood to view Liffe's move as unwelcome and as a blow to what they hoped would be closer relations with Liffe.

Mr Nick Carew Hunt, Liffe's manager for contract development, argued that an additional licence was not needed for the new contract since it was an option on Liffe's own futures contract and not on the index itself.

Liffe's futures contract on the FT-SE index has not beeo among its most successful. It is hoping that options on the futures contract will stimulate futures trading volume, as it did when options were introduced earlier this year on the exchange's long gilt futures.

Jefferson to step down at Telecom

By Guy de Jonquieres

SIR George Jefferson will step down as full-time chairman and chief executive of British Telecom from October 1 es part of a senior management reshuffle announced yesterday. Sir George, who turned 65 last March, will remain chairman on a part-time basis. He will be succeeded as chief executive by Mr Iain Vallance, currently BT's chief of operations, who is aged 43.

It was also announced yesterday that Mr Graeme Odgers, who is to leave his present job as group managing director of Tarmac to become BT's deputy chairman in October, will also serve as BT's chief finance officer, a newly created position.

Several City of London analysts said yesterday that the lines of authority created BT's new senior management structure seemed unusually complicated, and they were unclear how it would operate in practice.

They pointed out, in particular, that in his role as chief finance officer Mr Odgers would report to Mr Vallance, while reporting to Sir George in his capacity as deputy chairman.

The planned changes appear to position Mr Vallance and Mr Odgers as the leading internal candidates to succeed Sir George as chairman. Sir George's contract has been renewed until late 1988, when he is expected to retire.

Mr Douglas Perryman, BT's corporate finance director since 1981, has been named to a new post as corporate commercial director. The responsibilities involved in this appointment have not been spelt out in detail, and it is regarded as something of a sideways move.

Sir George Jefferson, who has been BT's chairman since 1981 and became its chief executive shortly before it was privatised in 1984, said he believed the time had come to separate the two jobs.

Mr Vallance joined the Post Office, from which BT was separated six years ago, in 1966. Last October he was named chief of operations, a post created specially to groom him for the position of chief executive.

GOVERNMENT URGED TO REMOVE RESTRICTIVE PRACTICES

Call for rethink on business codes

BY HAZEL DUFFY

THE GOVERNMENT should act to remove some of the restrictions on competition among accountants and solicitors, the Office of Fair Trading said yesterday.

The call comes in a Government-commissioned report on four professions – architects, accountants, barristers and solicitors – by Sir Gordon Borrie, Director-General of Fair Trading.

The prohibition on barristers practising except as individuals, Sir Gordon says, forms "the most restrictive structure among the professions examined in the course of the office's review." He also singles out barristers' sole rights of advocacy in the higher courts and the restrictions on lay clients' access to barristers.

Barristers' restrictive practices might have been referred to the monopolies and mergers commission, he suggests, but for the joint Bar Council and Law Society investigation into relations between barristers and solicitors, which made any other action inappropriate. The joint committee is due to report in five years' time.

At the other end of the scale, architects were found by Sir Gordon not to impose any significant restrictions on the professional organisation of their members.

The recommendations Sir Gordon does make would mean far-reaching changes in the way the other two professions are organised to offer services to the public.

They would allow inter-professional partnerships and multidisciplinary partnerships so that accountants would, for example, be free to compete in the market for financial services. They would also be able to establish limited companies which could act as company auditors. By the same token, solicitors would be better placed to compete with banks and building societies by offering house purchase and sale packages with surveyors and estate agents.

Specifically, the report recommends that the Government consider amendments to:

- The Solicitors Acts, which prohibit solicitors sharing fees and therefore going into mixed partnerships. The OFT described the ban as "an inhibition on solicitors which has no equivalent in the rules of the professions of the land". It would then be up to the Law Societies to amend their practice rules.
- The Companies Act 1985, which forbids incorporated accountants to act as company auditors (the accountants' own rules permit companies to be formed); the same act also sets a limit of 20 partners, with certain exceptions, in the formation of professional partnerships. This, Sir Gordon says, should be looked at and possibly amended.

Reaction to the proposals is likely to be mixed. Some solicitors, notably those affected by the loss of their monopoly right to conduct property conveyancing (legal property transfers), want the freedom to go into partnership with other professions. Other solicitors, particularly in the City of London, are less enthusiastic about the prospects of mixed partnerships.

Restrictions on the kind of organisation through which members of professions may offer their services; o report by the Director-General of Fair Trading. Free from Room 515, Chancery House, Chancery Lane, London. WC2A 1SP.

Editorial comment, Page 12

TSB sets timetable for share flotation

BY NICK BUNKER

TSB GROUP is to announce amid intense publicity on September 12 the share price and final details of its stock market flotation, the biggest issue of bank shares in British history.

A pathfinder prospectus issued yesterday by Lazard Brothers, TSB's merchant bank adviser, said it would then publish the full prospectus on September 16. Investors will bave eight days to apply for shares, in response to an advertising campaign to include posters oo 15,000 British bus shelters. The offer closes on September 24. Stock market dealings are expected to start on October 8.

Sir John Read, TSB chairman, said he was confident of achieving a share register of more than 1m names. The group's share information unit has received 2.4m inquiries, including 1.7m registrations by people wanting to qualify for a priority allocation to established customers.

The group, which was formed from the UK's four trustee savings banks has, however, sent direct marketing mail to only 4m of its 7m customers, because it has no addresses for the rest.

Flotation of the group, made up of the UK's four trustee savings banks, should have occurred this spring. A legal wrangle over the group's ownership then delayed it for eight months until after a final House of Lords ruling cleared the way this summer.

City of London analysts expect the issue's proceeds to be between £1.2bn and £1.4bn, if it is priced roughly in line with the cost of UK clearing bank shares.

The pathfinder prospectus forecast 1986 pre-tax profits of £193m for the year to November 20, up 14 per cent on 1985. Part of the proceeds are likely to be used for acquisitious of UK and then overseas financial services companies, as well as building up its UK branch network. Mr Derek Stevens, TSB group finance director, said this could include purchase of estate agencies and life assurance brokers.

Lazards and TSB now have to price the issue low enough to help reach their goal of promoting wider share ownership, without coming under fire for selling the bank too cheaply.

Mr Duncan Clegg, a Lazard Brothers director, said that if the offer was priced on multiple of 6.5 times earnings, flotation proceeds would be about £1bn, lifting 1986 pre-tax profits to £277m.

Assuming a share price of eight times earnings, proceeds would be about £1.5bn, raising pre-tax profits to £326.

Improved exports cut visible trade deficit

BY GEORGE GRAHAM

BRITAIN'S EXPORTS of manufactured goods improved last month and belped to reduce its continuing deficit on visible trade.

The visible trade deficit fell to £588m in July, the Department of Trade and Industry said yesterday, compared with £623m in June. A downward revision in the estimate of invisible trade, however, reduced the curreot account of the balance of payments to a surplus of £12m from £77m the previous month.

Excluding oil, the visible trade deficit dropped to £869m from £901m the previous month, with higber exports of finished manufactures more than outweighing an increase in imports, also concentrated in the area of finished manufactures.

The oil trade surplus rose by £2m to £281m as oil exports rose to 7m tonnes compared with 5.4m tonnes in June. Imports of oil also rose sharply from 1.8m tonnes in June to 3.3m tonnes in July, but prices weakened more for imported oil than for exports.

The average price of exported oil in July was £57.70 a tonne, equivalent to about $11.85 a barrel. Imported oil, by cootrast, averaged only £47.90 a tonne, below $10 a barrel.

Non-oil exports in July totalled £5.42bn, 2 per cent higher than in June, while imports were 1 per cent higher at £6.29bn. If erratic items such as aircraft and precious stones are excluded, exports rose 3 per cent in the month to £4.99bn, while imports rose by 1.4 per cent to £6.05bn.

The visible trade deficit in the first seven months of 1986 has reached £3.66bn, with a projected surplus on invisibles of £4.76bn

Officials concede that the fall in oil prices may have made the Treasury's forecast of a current account surplus of £3½bn for the wbole of 1986 rather too optimistic.

The lowering of July's invisibles estimate to a surplus of £600m has reinforced many analysts' conviction that the Government has also been too optimistic in its projections for invisibles.

Accurate figures for the invisibles balance in the second quarter, which are due to be published next Thursday, are widely expected to be lower than the £700m a mooth surplus assumed in earlier official figures, reflecting reduced tourism earnings.

The terms of trade have moved in the UK's favour in the last three mooths, as the unit value of exports has fallen by less than that for imports.

Amsterdam 'boiler rooms' shut down

By Clive Wolman

THE LEADING Amsterdam "boiler rooms," the telephone share-selling firms that bave taken several hundred million pounds off investors in the UK and elsewbere over the last three years, are being closed down after a decision to deny them a licence.

The firms, whicb aggressively sell shares in companies of negligible value at grossly inflated prices, were raided in early May by the Dutch police after complaints from governments and investors in the UK, West Germany and several other European and Pacific basin countries. The police seized several tonnes of documents.

The Dutch Government introduced regulations in May that require all such securities firms that are not members of a recognised stock exchange to apply for a licence to the Ministry of Fioance.

The ministry confirmed yesterday that about 100 firms had applied for licences. Eleven applicants have so far not had their applications accepted. These include the largest of all the firms, First Commerce Securities, which is linked with the convicted Canadian fraudster, Irving Kott. It is estimated to bave made at least $300m from selling shares in DeVoe-Holbein, a company which claims to have developed a metal extraction process but which has yet to show any profits.

The offices of First Commerce are still open but, according to the receptionist, none of the salesmen is available. As a result, those who were persuaded to buy DeVoe-Holbein shares will now find it difficult, or impossible, to sell them back, even at a much lower price.

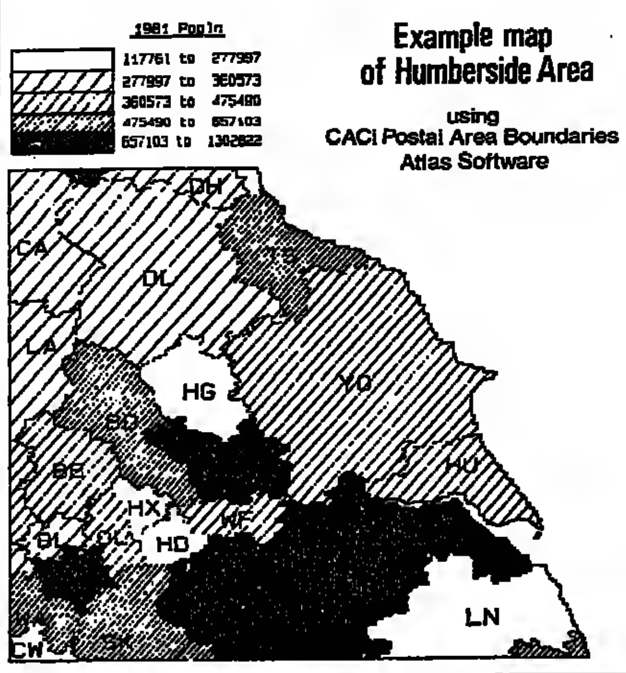
The other sbare-pushing firms in contact with a large number of UK investors which have also been refused licences include World Capital Consultants, York International Securities, which was establisbed by a former First Commerce salesman, and Investment Advisory Services.

No decision has yet been made as to whetber to grant licences to the other applicants. However, since May three other firms which built up a large UK customer base have closed down their operations and disappeared.

TECHNOLOGY: Computing

Louise Kehoe in San Francisco looks at software for generating maps and charts

Mini-boom for computer graphics



FOR HUNDREDS of businesses and government agencies the task of analysing geographic data is a regular headache. Whether the object of the exercise is to determine where best to open a new bank branch, where to advertise a new product, or which parts of town need additional bus services, the problem is the same—how to present the available data in a readable form.

In what amounts to the first cost-effective alternative to pushing pins into a wall map, Strategic Locations Planning (SLP) of San Jose, California, has come up with a personal computer program that generates maps showing colour-coded geographic data that can be modified at will.

SLP is one of a handful of firms riding a mini-boom in this small but fast-growing segment of the computer graphics market.

In 1985 the US statistical mapping and services market was estimated at $40m, with about 5 per cent of that accounted for by microcomputer products. By 1990, the overall market is expected to double, with half of the total accounted for by microcomputer products.

SLP developed its "Atlas" software to solve its own problems. "When we started out in the site location consulting business in 1983 there wasn't any good software available to do mapping on a personal computer," explains Stephen Poizner, president of the company. "The options were to use mainframe computer technology or do it by hand, either one of which was expensive and time consuming. So we decided to create our own software."

The result was SLP's Atlas mapping package, which was introduced in 1984 and has become a leader among the handful of such programs now available.

Users of SLP's programs cover the gamut of business and government agencies.

For American Medical International in Beverly Hills, California, computer mapping helps the healthcare provider stay ahead of market trends. "We do a lot of situation analysis before recommending changes or new programs," says Ed Leventhal, director of market information systems. "For example, we can look at an area like North Houston, and by comparing demographic data with admission and discharge data and other variables, determine if an area is growing older and needs more geriatric services, or is growing younger and needs more pediatricians."

American Honda, with over 2,000 US dealers, uses the software to generate market share maps. Customer and sales information is compared with state vehicle registration records to determine strong and weak markets, plan advertising campaigns and select potential sites for expansion.

The US Postal Service recently acquired the software to help monitor postal performance. In Texas, the North Central Texas Council of Governments uses the software to display the special characteristics of the area—income, land use, apartment density—plus the region's own demographic data, to help city planners analyse growth trends, develop transit plans, and study zoning needs.

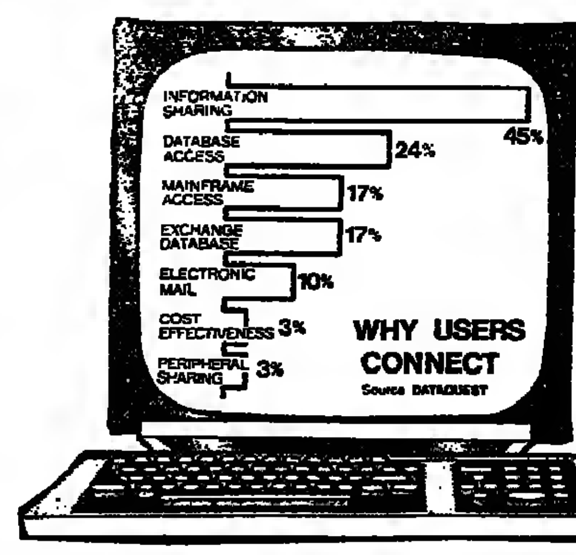
The National Multiple Sclerosis Society filled in a map of the United States with dots representing numbers of people with the disease and was able to relate the prevalence of the disease to weather and other factors.

"It's a lot easier for most people to understand what's going on when they see relationships visually on a map rather than try to wade through columns of data in tabular form," explains Poizner. He sees customers using the mapping software in a broad variety of decision making roles.

A German version of Atlas is currently under development by IBS Intergrierte Business Systems of Seelze, West Germany.

(UK distributor Caci, in London, 01-404 0834). (Strategic Locations Planning, 4030 Moorpark Avenue, Suite 123, San Jose, CA 95117 (408) 985-7400).

Why companies choose a P.C.



AS THE IBM PC, the machine that created business demand for personal computers, approaches its fifth birthday, the personal computer industry is facing a major challenge. Business users are questioning the real value of the millions of PCs they have purchased, and in many cases do not plan to buy more.

"We find more and more companies are reaching some critical mass with their personal computers. They are now saying: 'We've made all this investment over the past two to three years, what are we getting from it?'," reports John Sculley, chairman and president of Apple Computer.

According to Sculley, and others in the US personal computer industry, this reassessment of the benefits of personal computing is the root cause of the current market slowdown. It represents a fundamental change in the personal computer market in which business PC makers will, for the first time, be forced to address the tricky question of: "What will a PC do for me?"

As they face the increasing scepticism of their business customers, US personal computer companies cannot help but recall the dramatic collapse of "home" computer sales when consumers similarly began to question the usefulness of a home computer.

The business personal computer market is not about to collapse, but it is changing. Today, business users are asking: "Where is the productivity enhancement we expected? What are people really using personal computers for? Do we really need more personal computers and how do we integrate PCs with our other computer facilities?"

The major concern of business personal computers, according to a recent study conducted by Dataquest, the California market research firm, is how to connect personal computers to other computers and corporate databases. In a survey of 80 of the largest companies in the US, researchers found that 30 per cent said that data communications was their key problem with personal computers. Although almost all of those surveyed said that they were satisfied with their current computer equipment, a full 33 per cent of managers said that they were not likely to buy any more personal computers this year.

As Dataquest sees it, businesses are moving away from the concept of "personal" computers toward "work group" computing. In large and small companies alike, there is beginning to be a consensus regarding the desirability of sharing information and computer resources, the researchers report. "Computer users recognise that islands of information have limited utility. Being able to get relevant information from the originator to the requestors is the next great computing challenge, both from the vendor and user points of view," says the report.

Work group computing involves sharing data, applications and resources among a group of about 10 to 20 people. The market researchers say there are about 2.6m such work groups in the US.

Personal computers will continue to play a major role in shaping the direction of computing, the researchers believe.

The installed base of close to 10m personal computers in US businesses will become the platform for interconnecting individuals into a wider computing environment, they predict.

While Dataquest projects a 16.6 per cent growth rate for computer hardware sales over the next four years, the work group computing market will boom at an annual growth rate of 33 per cent, the researchers predict. By 1990, more than half of the business computers purchased in the US will be acquired specifically for doing work group computing, up from under 15 per cent today.

How IBM intends to beat clones

KOREAN "CLONES" of the IBM Personal Computer continue to flood the US market as industry speculation rises that IBM will respond to increasing competition from the low-priced imports with new proprietary technology and a new low-cost version of its basic personal computer.

The latest clone announcement, from Hyundai of South Korea, appears designed to goad "Big Blue" into action. Last week Hyundai said that it would begin test marketing a $699 IBM-compatible personal computer, the cheapest of its type to date, called the "Blue Chip."

The Blue Chip comes with 512K of memory, one floppy disk drive, one year warranty and the MS-DOS operating system used on IBM's PCS. Adding a monitor and a second floppy disk drive brings the price to $917, compared to IBM's price, for a comparable system of $1,945.

IBM has already cut the US price of several of its personal computer models more than once this year, and further price cuts can be expected, according to industry analysts.

But price cuts alone will not be enough to beat the clones, industry leaders believe. IBM will solve the clone issue by introducing proprietary technology, Apple Computer chairman John Sculley believes. "My feeling is that IBM must introduce a superset of PC DOS (the IBM PC operating system) sometime in 1986," Mr Sculley said at a recent analysts meeting. "I believe that with its higher end workstations it must have better systems integration between workstations and mainframes. This would be a logical place for IBM to build in something that is proprietary," he explained.

By adding its own networking software to a high performance version of PC DOS, IBM could effectively cut clone makers out of a major portion of the personal computer market.

In the meantime, IBM is widely expected to introduce its own low-cost personal computer aimed at schools and "home office" applications. According to industry analysts, IBM's new $200m highly automated personal computer production plant in Texas will soon begin churning out the "clone beater." They regard IBM's recently introduced "PC Convertible," a portable personal computer, as Big Blue's first step toward a low cost PC. The convertible incorporates a set of highly integrated chips that replace dozens of smaller chips on the PC circuit-board.

IBM could easily use the same chips, the analysts reason, to create a $600-$700 personal computer that could go into mass production at the Texas plant. The betting is that IBM might introduce such a product as early as next month.

If the analysts are right, then IBM's new "Home" computer will hit the market at about the same time as Apple Computer unveils its Apple IIGS, a 16-bit upgrade of the Apple II. The Apple IIGS is expected to incorporate high performance graphics and sound features designed to appeal to home users and schools.

Japanese investment

By Stephanie Yanchinski in Singapore

COUNTRIES in Southeast Asia are rapidly moving into the information technology era, and advanced software design, thanks to Japanese men and money. In collaboration with local governments the Japanese International Co-operation Agency, JICA, the organisation for technical co-operation, is sending computer experts and hardware to help set up national institutes of advanced computer training in Singapore, Malaysia, and perhaps Thailand.

The joint programmes cost the Japanese government billions of yen each year. Yet authorities believe the money a good investment in future goodwill and markets for Japanese equipment. The market for minicomputers in the public sector in Malaysia, for instance, is expected to grow by as much as 40 per cent over the next few years, according to Tako Matsuzaki, JICA representative in Kuala Lumpur.

Such collaboration is furthest advanced in Singapore, where joint training programmes have been running since 1981. The Japan-Singapore Institute of Software Technology set up in 1982 by Singapore's Economic Development Board, with technical help from the Japanese, offers a diploma course for A-level students in computer analysis, and programming.

A second five year pact was announced by Singapore's Economic Development Board earlier this year. The objective of this technical assistance programme, the first of its kind the Japanese Government has extended to any country, is to provide opportunities for computer professionals to upgrade themselves through further training.

Meanwhile, in October Malaysia will launch its own National Computer Institute with Japanese assistance. A team of Japanese experts have worked with the National Public Service Department since April to design a programme aimed at training Malaysian Government officials in information technology.

MANAGEMENT: Marketing and Advertising

Why a smile is being put on the face of service

The customer is king. David Churchill reports

SOME MAY argue that the evidence has still to present itself. But more and more UK companies are attempting to sharpen their marketing performance by the seemingly simple device of improving their customer service.

Examples of this new "human face" of British business include:

● British Airways sending all 37,000 staff on a special training programme called "Putting People First" in a bid really to become the World's Favourite Airline;

● Barclays Bank spending several million pounds on advertising to tell customers about its new Customer Service Programme;

● British Rail putting about a third of its workforce through a series of training programmes to learn how to treat passengers as people.

A wide range of other companies and organisations has adopted similar schemes, including British Telecom, Woolworth, American Express, British Road Services, Berni Inns, and Volkswagen/Audi.

What is behind this seeming sudden surge in corporate belief that the customer really is king?

"Companies have finally woken up to the fact that customer service can make all the difference," believes Colin Adamson, a consumer affairs consultant and chairman of the newly formed Society of Consumer Affairs Professionals. "They are taking a more professional view about customer relations, realising that it can make a significant difference to the bottom line."

The society is based on a similar grouping in the US which has some 1,300 members. In the UK, 65 executives responsible for customer relations within companies and organisations have already joined the new venture within weeks of it being formed.

Three key factors have spurred companies on to adopt a more professional attitude toward customers.

● **Competition.** Retailers, hit by the downturn in spending in the early 1980s, started wooing their customers by enhancing their stores and putting staff through special training schemes.

The new management team at Woolworth, for example, quickly realised that service was an important key to changing Woolworth's image and mounting an effective challenge in the High Street. Special videos explaining the importance to Woolworth of good customer service were shown to all staff, backed up by half-hour presentations on a weekly basis. Special awards are given to staff who consistently offer good service.

An extra stimulus to companies to improve their service has been that customers are less concerned about price competition in the wake of a falling inflation rate.

"One of the great truths of business is that people do not always buy on price," asserts Nicholas Mendes, a West Midlands public relations consultant who has just published a pamphlet on the reasons companies should become more customer-oriented.

● **Privatisation.** British Airways and British Telecom are among the nationalised industries which either have already—or intend to—switch from public to private control. The new wind of competition in the private sector has encouraged them to ease the path with special customer care programmes.

British Airways, for example, found in a private survey taken in 1983 that its passengers felt that poor staff attitudes were letting the airline down, regardless of improved efficiency or more comfortable aircraft.

So between the autumn of 1983 and the summer of last year, all staff—from the chief executive downwards—were put on a specially designed course, run by Time Manager International.

The title of the course—putting people first—is significant. "It deliberately refers to putting people first rather than putting customers first," points out Colin Marshall, BA's chief executive. "We want to remind our staff that their colleagues are people and the way employees treat each other is just as important as their treatment of customers."

BA's efforts appear to have paid off. Tim Sullivan, managing director of AA Travel Services, recalls the day when he was travelling on a BA flight for the first time in several months and got a strong feeling that something was different.

"The crew were doing everything right from the customer's point of view and it was obvious that they had been through some kind of training," he says. "I made inquiries and found out about their new training programme, which we subsequently ran for all our 300 travel agency staff."

● **New technology.** As computers and automation become more visible to the consumer, so there is an increasing need for reassurance that the company cares. This is the theme of Barclays customer care programme which is currently being sold to the public via an expensive series of television commercials—estimated at costing some £750,000 to make—by Ridley Scott, director of the high-tech science fiction thriller Blade Runner.

Barclays and the other banks are beginning to appreciate that while automated cash dispensers and the incipient electronic funds transfer at the point of sale systems may save them money, it can make the customer feel isolated.

Hence the theme of the commercials: in a high tech society, personal and friendly service is still available. Barclays is backing up this approach, it says, with a more open bank design and extra staff available for general inquiries at desks away from the cashiers.

But is all the attention being paid to customer service more apparent than real?

British Rail's glossy television advertising campaign—with the theme "We're getting there!"—has annoyed many frustrated commuters. "British Rail still has a long way to go before the majority of passengers will feel they are getting value for money," comments Major General Lennox Napier, chairman of the transport industry's consumer watchdog, the Central Transport Consultative Committee.

"British Rail still hasn't got there," suggests the Consumers' Association, which recently carried out a survey into rail services. "BR are some way off achieving the aims it has ambitiously set itself," it adds.

BR, in reply, claims that its own surveys have shown a positive change in customer attitudes towards the railways, as well as an increase in passenger traffic.

British Gas, another nationalised industry on the verge of privatisation which has sought to improve customer service, still has an appalling reputation among gas users for its poor level of service.

Some cynics also dismiss training programmes, such as BA's Putting People First, as simply what is known in the US as "smile training." "We are not teaching people how to pull the wool over the customer's eyes," insists Chris Lane, chief executive of Time Manager International in the UK. "It is personal development training. If an employee has a positive attitude towards the job and identifies more clearly with the objectives of the organisation, everyone benefits."

Inevitably, many customers of British Airways, Barclays Bank, and so on, will still have tales of individual grievances — suggesting that even the best training schemes cannot overcome years of prejudice.

"The real problem is that the British still confuse service with servility," points out Colin Adamson. "There are deep-seated attitudes which have to be overcome before effective change takes place and customers really do get service with a smile."

Additional reporting by Alan Pike, Industrial Correspondent.

Sales promotion

A 'lusty youth' with growth potential

By FIONA McEWAN

NEXT WEEK marks another notch—if a modest one—in the growth chart of that so-called ugly sister of marketing services, sales promotion. The launch on Monday of the Sales Promotion Register in London, run by Lyndy Payne along similar lines to her much used Advertising Agency Register (now 12 years old) and Public Relations Register (now five years old) is in response to client demand and underlines the maturing of this non-advertising promotional field.

The register enables companies and agencies to find each other, by offering clients the chance to view videotapes, documentation and portfolios of agencies' work at leisure, in private and in confidence. Ten agencies, all members of the Institute of Sales Promotion are registered so far, though the plan is to double that figure.

The feeling within the industry and from clients is that sales promotion has been enjoying something of a boom, though just how big a boom, no-one knows. "The infant has grown into a lusty youth," says David Drakes, vice president of the ISP and managing partner of the Marketing Partnership. Guesstimates of this ill-documented business put the annual turnover at £5bn, thus outspending advertising by about £1bn, though this figure includes everything from discounting to retailers, rebates to manufacturers, in house and consultancy together.

Now the ISP, which represents 60 agencies and some 1,000 individual members, says it is to try to crack the prickly problem of gauging the size of an ever-increasing slab of marketing budgets.

The City too senses the buoyant mood. "Sales promotion is a huge growth area of marketing and this is reflected in the premium ratings of the quoted consultancies," says Richard Dale, marketing analyst of stockbrokers James Capel.

Sales promotion means all non-media communications which effect sales aimed at the consumer, salesforce or trade. That includes special offers, contests, coupons, premiums, give-aways, conferences, exhibitions, sales incentives and employee communications.

Though still dogged by the "below-the-line" tag it has tried so long to shake off, the business of sales promotion has made considerable strides in recent years towards hiking up its status and meriting consideration by marketeers as a major factor in the marketing mix, not an also-ran.

Where traditionally such promotions were the responsibility of brand managers and junior executives, now it is as likely to be the marketing director who learnt the power of sales promotion in his or her days as brand managers or even the managing director who handles them.

New users, too, like government (the Central Office of Information is a regular client: for instance the "Monergy" campaign) and financial services (from banks to insurance companies and credit cards) have earned sales promotion a credibility beyond the limits of its original retailer base.

Since the idea is to generate sales or instigate action of some sort, sales promotions come in all guises. One of the zaniest recalled by Alan Toop of the Sales Machine, one of the first creative consultancies in the UK, was for Haywards Pickles. At the time the television commercials featured horror movie actor Vincent Price with the line "They bite back." Toop's promotion continued the mood by hanging sticking plasters round the neck of the actual jars. "A very successful promotion," he remembers.

"One thing that distinguishes sales promotion from other consultative marketing activity," says Jim Castling, general manager Europe for Cato Johnson, an international sales promotions company, is that effects should be measurable in terms of sales. "Any sales promotion we undertake starts with statements of objectives and must be measurable post hoc."

Objectives, though mainly to shift products from shelves, do vary. Sometimes the idea is to keep up a company's visibility to the trade and so retain interest in its goods. "The ideal sales promotion," as one practitioner puts it, "is the one that sells most product and costs the client least."

Currently, the most visible UK promotions are the petrol and newspaper bingo promotions, says Drakes, who gives his vote for the most successful promotion of the year to Sport Aid and before that, Live Aid.

Francis Killingbeck Bain, a publicly quoted sales promotion company, cites Heineken as one of its successful recent promotions. It ran in May this year with an offer of one can of lager free in return for four ring pulls. Results showed that overall brand performance improved 15 per cent in volume during the month, with sales at one major supermarket chain up by 33 per cent. The speed of turnover within the supermarkets involved was up by 27 per cent.

The skills required of a good sales promoter involve, on the one hand, being "highly sales oriented, and lateral thinking," says Castling, "and on the other a stickler for detail and logical planning." The same person who organises a 10 pence off your bottle of shampoo promotion can find himself engineering an energy conservation programme of seminars and presentations to top industrialists.

It's all a far cry from the legendary "plastic daffodil" hawkers of the early days of sales promotion who did little more than import geegaws from the Far East to sell at a premium to retailers and manufacturers in the UK.

In the late 1960s and 1970s, the sales promotion creative consultancy took off; many of them flourish strongly today. But arguably the most successful and fastest growing area of the industry now is the marketing services groups. Publicly quoted Kingsland Lloyd Petersen, Francis Killingbeck Bain, Holmes and Marchant along with Counter Products Marketing all offer services on top of consultancy, such as telephone selling, merchandising, design or fieldforce.

A new aggressive player in the field is former Saatchi financial director Martin Sorrell, whose company WPP Group is acquiring below the line companies in the UK, including sales promotion, at a voracious rate.

Advertising agencies, too, are on the acquisition trail as many of them take the multidisciplinary route. It has come full circle, say industry observers, who recall the late 1960s and early 1970s when many agencies tried to handle promotions themselves, but with little success.

Future growth of the industry looks likely to follow the international route, a precedent already set by the advertising industry. "More multinational clients are beginning to take an international perspective on sales promotion activities," says Toop, citing his company's pan-European campaign for Lego toys and Scotch video tapes. He now has offices in Spain and Italy.

Other companies, such as KLP of the Netherlands, are busy building networks throughout Europe, Cato Johnson, owned by the Young and Rubicam advertising agency, already boasts wholly-owned offices in virtually all EEC capital cities.

The Sales Promotion Register is at 62 Shaftesbury Avenue, London W1.

Which FT Diary will you choose for 1987?

With over 100 pages of meticulously researched information – presented in a choice of 4 superb finishes – the Financial Times Diary must be your choice for 1987.

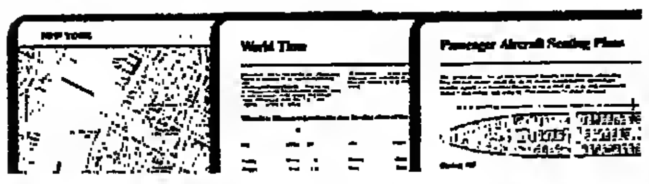
An indispensable business tool.

Apart from making day-to-day planning simpler and more efficient, the Financial Times Desk Diary is indispensable as a permanently ready reference source. In fact, it's like having an international business data base on hand whenever you need it.

As you would expect from a highly respected newspaper like the Financial Times, information has been meticulously researched with everything easy to find and clearly laid out.

Whether you need key statistical data, business vocabulary in three languages or to know which airlines fly to a particular city, the diary will tell you. It can help you plan your trip to the smallest detail with useful information such as examples of daily living expenses and local holidays in over 75 countries.

The contents that make it more than a diary.



FT Indices Graphs
Graphs showing the FT Ordinary Share Index. FT-Actuaries All-Share Index and the British Government All-Stocks Index.

Country Surveys
Factual information on 80 countries saves you tedious searches elsewhere and increases your effectiveness. Details include visa requirements, currency regulations, customs allowances, business hours, approximate daily living expenses and useful addresses.

City Centre Maps
Fifteen easy-to-read maps of the business districts of the world's financial centres.

World Atlas
Updated forty-eight page, full colour World Atlas.

Planning and Information
Four page monthly expenses record. Two-page staff holidays chart. Weekly columned analysis chart for scheduling and planning over one year. Three pages of weights and measures, metric conversions. Four-page international clothing sizes and measures, international clothing sizes and metric conversions. Four-page 1988 engagement section. A two-page 1987 year planner. Calendars for 1986, 1987, 1988 and 1989. Two-page planner for main meetings. Double Century Calendar running from 1901 to the year 2110. Graph charts and logarithmic scale.

Indexed Address/Telephone Directory
Slotting neatly into the inside back cover is a separate stitched and bound personal thumb-indexed address/telephone directory, finished in matt silver. It includes international dialling codes and space to store personal information.

Diary *10¼ x 8½ (265mm x 216mm)*

International Travel Section
Twenty-six pages of helpful information covering airports, transport, car hire, world hotels, world time, passenger aircraft seating plans and major airlines servicing the world. There are also details of month by month climatic conditions in 80 international cities and vocabulary section translating business terms from and into French and German.

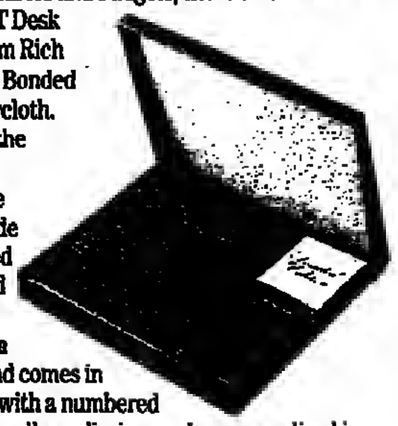
Diary Section
Diary Section runs from 1st December 1986 to 31st January 1988 and shows seven days at a glance, international public holidays, number of days passed and number of days left in the year, together with tax and calendar week numbers, 1987 calendar week numbers, 1987 calendar at the foot of each page. Public holidays for 119 countries.

Invaluable every day of the year.
Each page has plenty of room for planning your day and keeping notes. There are also sections that you'll find useful when working out your expenses, monitoring company performance or showing staff holidays.

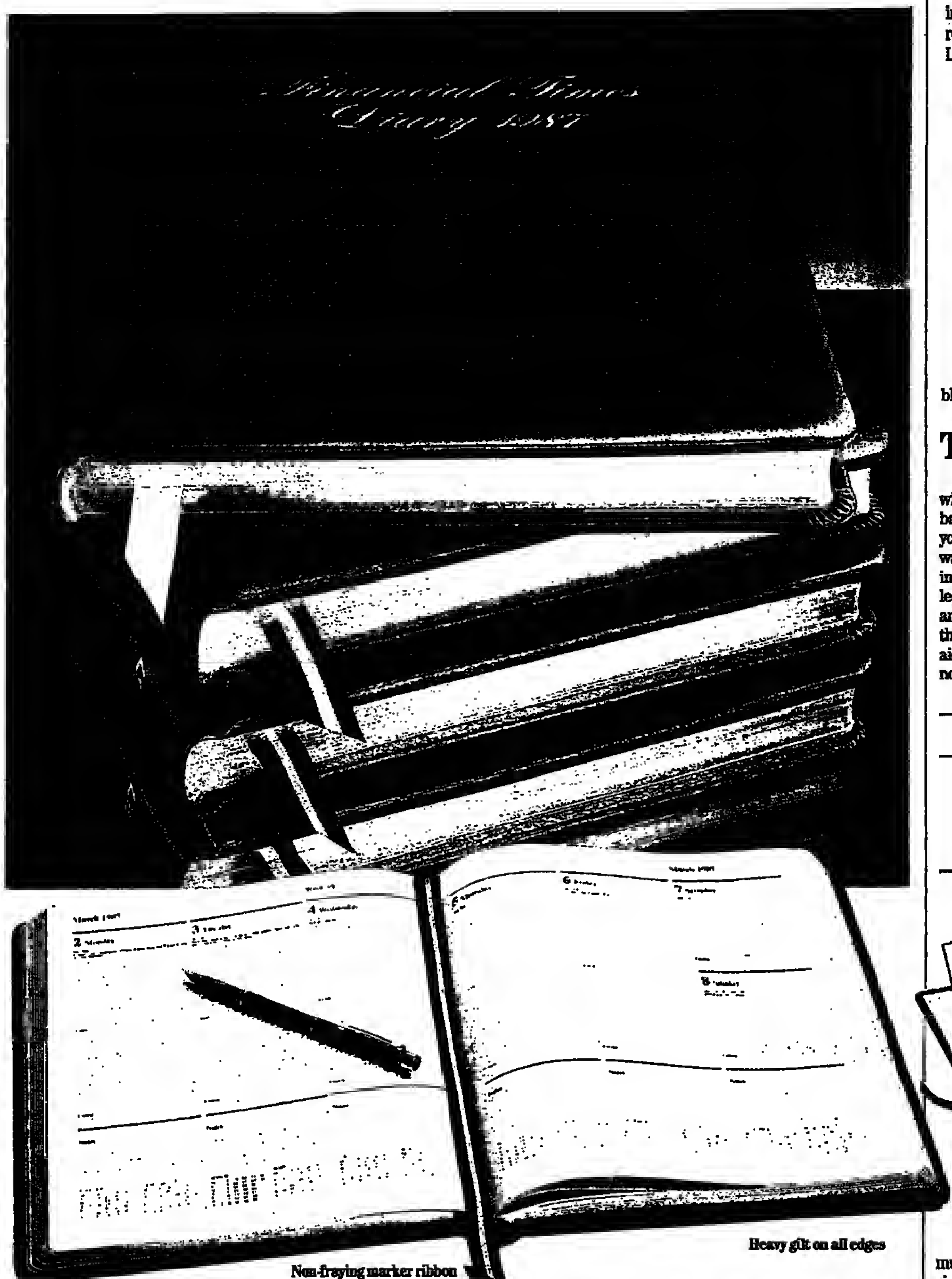
There's no more efficient way to plan ahead – because there's no more comprehensive diary than the Financial Times Desk Diary.

The Diary of the Year – in the binding of your choice

To match individual tastes and budgets, there's a selection of cover bindings for your FT Desk Diary. You can choose from Rich Black Leather, Burgundy Bonded Leather or Black Leathercloth.



For those who want the ultimate in quality and craftsmanship there's the Chairman's Set, handmade from the finest hides, dyed to a rich brown. Produced as a limited edition, The Chairman's Set includes a matching pocket diary and comes in its own presentation box with a numbered certificate. And, of course, all our diaries can be personalised in gold with your name or initials.



Heavy gilt on all edges

Non-fraying marker ribbon

To: FT Business Information Ltd, Minster House, Arthur Street, London EC4R 9AX Tel: 01-623 1211 Ext. 280/281 Telex: 8814734 BUSPUBG

ORDER FORM

Please send me the following items from the prestigious Financial Times Diary Range: (complete quantity and value columns below).

I understand that if I am not totally satisfied with my purchase(s), I may return it within 28 days for a full no questions asked refund. (Not applicable on gold blocked items).

SPECIAL OFFER TO READERS OF THE FT
Order your 1987 FT Diaries within 14 days and we will gold block your initials FREE

Name (Mr/Mrs/Miss/Ms) ____________
(PLEASE PRINT)
Company ____________
Position ____________
Address ____________

Post Code ____________ Telephone ____________ Signed ____________

FOR OFFICE USE ONLY			TYPE OF DIARY		UNITED KINGDOM QUANTITY	UNITED KINGDOM Price (inc. p&p) £ p	OVERSEAS QUANTITY	OVERSEAS Price (inc. p&p) £ p	VALUE £ p
CS	0506	07171	Chairman's Set (Desk and Pocket Diary)			82.00		87.50	
DL	0451	07006	Desk Diary, black leather			44.95		48.60	
DB	0475	07018	Desk Diary, burgundy bonded leather			29.65		33.30	
DC	0499	07020	Desk Diary, black leathercloth			16.90		20.50	
PL	0457	07031	Pocket Diary, black leather			9.17		9.25	
PP	2141	07274	FT Pink Pocket Diary, black cover, pink pages, new design			8.92		9.00	
PB	0481	07043	Pocket Diary, burgundy bonded leather			8.67		8.75	
PC	0561	07262	Pocket Diary black leathercloth			8.17		8.25	
PWL	0463	07055	Pocket Diary and black leather Wallet			21.68		21.85	
PWB	0487	07067	Pocket Diary and burgundy leather Wallet			19.83		20.00	
	0883	07092	GOLD BLOCKING (optional extra)	Initials and Surname per product		3.00		3.00	
	0883	07109	GOLD BLOCKING (optional extra)	Initials only per product		1.50		1.50	

Sub Total (excl. of VAT)	
ADD 15% VAT Unless you are outside Great Britain and Northern Ireland.	
TOTAL AMOUNT	

Please Note: The Chairman's Set consists of two items therefore blocking charge is double.
Give details of Gold Blocking on the despatch labels supplied.
Blocking for Pocket Diary/Wallet will be on diary unless you state otherwise.

How to pay

Most important: Payment must accompany order, ***except on orders over £120.00 (excluding VAT) from U.K. registered Companies, which will be invoiced.***

Payment should be drawn only on a Sterling/US Dollar account made payable to 'FT Business Information Ltd'. Customers outside the UK paying by Bank Transfer must ensure that the FT Diary Department receives FULL payment for the order by instructing their bank to debit them with all relevant charges.

Details of our Bank: **Midland Bank Limited**, 5 Threadneedle Street, London EC2R 8BD. Account No. 50957615. Sorting Code 40-07-02.

Tick method of payment. If the billing address differs from the above, please notify us.

Cheque ☐ Money Order ☐ Bankers Draft ☐ ☐ ☐ ☐ ☐

Card Number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Expiry Date: ____________

Cardholder's signature ____________

The Financial Times Diary is also available at Ryman and other selected stores

Bulk discounts of up to 25% are available. Please telephone (01) 623-1211 for details.

Other Gifts from the Financial Times

The City Collection – a range of luxury leather goods for business and for travel.

☐ Please tick for brochure

FT Factmaster – A specially developed portable personal organisation/time management system.

☐ Please tick for brochure

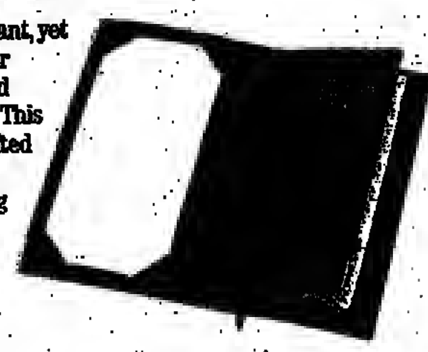
The FT Pocket Diary

An instant and invaluable source of reference, our 1987 Pocket Diary has been expanded with sixteen new pages. The added value includes information profiles of an extra 26 major international business centres, comprehensive lists of hotels, restaurants, theatres, conference centres and airport details for London and the UK.

In short – more information than ever before.

All Financial Times Diaries can be personalised with gold blocking (names and/or initials).

The FT Wallet



It's slim and elegant, yet with plenty of room for banknotes, papers and your FT Pocket Diary. This wallet is superbly crafted in black or burgundy leather with silk lining and gilt corners. And there's also a handy aide – memoire notepad.

NEW FOR 1987

The Financial Times Pink Pocket Diary – unique, prestigious and practical

An original and innovative page design that opens up much more space for your own notes and comments, a new size, plus pages the colour of the Financial Times – these are the things that make the new FT Pink Pocket Diary different from any other. And, of course, you can see the week at a glance on every page spread, with calendars for the current and following months.

For a diary of its size it carries an incredible amount of information – including a fold-out map of London's City and West End, a mileage chart for Britain and Europe, a World Holiday Chart, profiles of 26 International Business Centres plus a wealth of invaluable listings and information tables you will use every day.

Bound in an entirely new material that looks and feels like high quality soft leather – and with its unmistakable FT pink pages – this promises to be the most distinctive and sought-after pocket diary of the year.

The ideal personalised present...

Receiving a diary with your name on it always makes the right impression – and it costs very little extra. You can choose to have initials, or name and initials on the cover in high quality, long-lasting gold blocking.

It's this kind of personal touch that makes the Financial Times Diary an even more acceptable gift.

... and the perfect corporate gift.

Your own special edition of the Financial Times Diary will ensure that your clients have the opportunity to think of your company – every working day of the year. Because apart from having your name or logo gold blocked on the cover, we can also include a special eight-page section to promote your company. Which makes the Diary a practical, welcome gift benefitting your clients – and your organisation all year round. **Discounts of up to 25% on bulk orders.**

By placing your bulk order well in advance you will be entitled to discounts of up to 25%. To qualify you must order 25 or more items. Contact us now for more information.

FINANCIAL TIMES Diaries

Diary Department, FT Business Information Ltd Minster House, Arthur Street, London EC4R 9AX Telephone: 01-623 1211 Telex: 8814734 BUSPUBG Reg No. 980896 (Reg in England)

Edinburgh Festival / Patricia Morison

Portrait of Scotland's golden age

A revelation awaits visitors to *The Golden Age of Scottish Painting* at the Edinburgh Festival (Talbot Rice Arts Centre until Saturday, moving to the Tate Gallery in October). The exhibition shows magnificently the coherence of aims and the sophistication of Scottish painters between 1720 and 1840. At their best they achieved some of the greatest portraits of the eighteenth century.

The first canvases might not suggest this: a leg of lamb, vaguely Dutch, and a portrait of a pug-like man which verges on the naive. Yet Richard Waitt's venture into still-life is good plain fare, the virtues still ascribed to Scottish cuisine and typical of these painters.

The ugly man in James Smibert's portrait was the poet, Allan Ramsay, who denounced "foreign embroideries and imported trimmings," in art and literature. He demanded to be painted honestly, and this search for honest, empirical art, inspired greater painters to come.

The Golden Age of Scottish Painting succeeds very well in conveying the shared ideas of poets, philosophers and artists in the Scottish Enlightenment. But you will need the catalogue, which at £8.50 is a bargain. Portraiture was the obvious genre in which to explore the foundation of human character and understanding, typical of the philosophy of David Hume and Thomas Reid. This appears magnificently in the work of the poet Ramsay's son, Allan Ramsay the Younger.

Ramsay's self-portrait shows a blue-jowled young man with a keen gaze. He was a close friend of David Hume, whom he painted several times. Once Hume was shown resplendent in prawn-pink and gold lace, which did nothing to disguise the great man's flabby form. But then, the notion of ideal beauty struck both men as absurd. Ramsay created superb portraits of women, not society beauties but individuals. His first wife in her severe cap recalls the directness of 15th century Flemish portraits. Margaret, the second wife, is caught as she arranges flowers. Painted in Ramsay's looser style from the 1760s, one well sees why Ramsay eloped with this fragile, unsophisticated beauty.

Depending on the matrimonial state of play it can be easy to paint one's wife honestly: much harder with a patron. Ramsay's full-length of Lord Drummore shows much of the same informality and understanding. However, the strain of painting the royal family may explain why he gave up painting.

Royals and aristocrats are noticeably absent from the exhibition, which makes the point that this was a bourgeois culture. The contrast with last winter's Reynolds' exhibition at the Royal Academy is striking. Here are no hunters and no horses, no great piles and no servants. The ladies are not followers of classical whimsy and seem neither languid nor loose-moraled. A Calvinist tint might explain the lack of frivolity. Yet you should go to the Scottish National Gallery to see the famous *Revd. Thomas Walker*, a parson skating with dignified pleasure. He was painted by the second great painter of this exhibition, Sir Henry Raeburn.

In one respect Raeburn is one of the most Scottish of painters because, apart from the essential visit to Italy as a young man, he made Scotland his base. It hardly affected his career, and his great fame between 1790 and 1830 did much to give prestige to Scottish art. Dealing with such demand inevitably led to something of a Raeburn formula, but those on show in Edinburgh dispel any qualms you might have about blandness.

At the end of the first gallery, two marvellous portraits face each other. *The Clerks of Penicuik* are a middle-aged couple, informally dressed on an evening stroll. She rests a little awkwardly on her husband's arm as he turns to indicate something—perhaps some enlightened improvement on his estate. You need not think that only at the Impressionist exhibition at the National Gallery will you find painters fascinated with light. Raeburn was deeply interested in the nature of perception. The Clerks are encircled by light, creating a mood of tranquil twilight affection.

Dr Nathaniel Spens at Archery could be rather a silly portrait, a man in a fussy tartan bonnet posturing with his bow in the greenwood. Yet thanks to sombre, impressionistic colours and a taut composition, Spens becomes a study in concentration. The arrow he is poised to release seems a symbol of human thought in an age of intellectual super-confidence.

There are many pleasures in this rich exhibition. The Runciman Brothers' pen and inks explore violent passions in the mythical age of Ossian, when it was suspected that civilisation had not dulled the senses. Some will warm to Alexander Nasmyth's dove-coloured landscapes, others appreciate the hectic romanticism of Sir Walter Scott's friend, John Thomas of Duddingston.

The rage of religious faction ends the exhibition in 1843, with the Disruption in the Kirk. Sir David Wilkie's religious paintings fill out last year's festival exhibition of his work. Wilkie's crofters hunched over the Bible may seem a long way from the free-thinking world of Ramsay and Hume. Yet here too is the commitment to the unpretentious and everyday world which this exhibition shows as so solidly Scottish.

The festival's other exhibitions are a mixed bag, and with time for only one other I would choose *Scotland and India* at the National Library (until September 21). It shows the Scots bothering the Indians with the Bible, drafting laws for them, while making valuable contributions to our knowledge of Indian religion and society. There are some charming watercolours.

This could seem a perverse choice for the most worthy exhibition has to be *A Hotbed of Genius* which tries to explain the Enlightment (Royal Museum of Scotland). The ground floor recreates old Edinburgh by creating hot black passages and providing a stethoscope conception giving access to a fruity commentary. As a plain-speaking Scottish lady announced, only the smell of feet seems authentic.

The main exhibition has many good things, including Ramsay's portrait of Rousseau in Armenian costume. The Hume manuscripts are interesting, but the exhibition is overloaded. To end with a photograph of the guillotine seems crude, although with any intellectual current it is always hard to place the full stop.

Matters improve over the road at the National Portrait Gallery with two interesting exhibitions: James Tassie's cameo portraits and *Printed Light*, the photographs of Fox Talbot, David Octavius Hill and Robert Adamson. These impressive early photographs link with the *Golden Age* exhibition, as a triumph of Enlightenment interest in light and chemistry. In the 1840s it seemed that the perfect method of finding an honest art had arrived. One of Hill's admirers said he would prefer a set of photographs to the finest Rembrandts, which shows that the enthusiasms of the Enlightenment were still burning strong.

Hallé & Toronto Symphony Orchestras

Dominic Gill

Six symphony orchestras and four chamber orchestras appear at this year's Edinburgh Festival. Three are visitors from abroad—travelling on tour from Russia, Norway and Canada (the Chamber Orchestra of Europe under Claudio Abbado belongs in a special visitors category of its own). The rest are from Scotland and England, and include the Scottish National, the excellent Scottish Chamber Orchestra, the Academy of St. Martins, the BBC Symphony, the City of Birmingham—and not least the Halle, up from Manchester for the day. The programmes have been by and large neither plain nor outstandingly adventurous, poised in the traditional festival balancing act that attempts neither to offer the public exactly what it could hear on any other day during the rest of the season, nor anything which could conceivably offend it.

The Halle these days, under their principal conductor of three seasons Stanislaw Skrowaczewski, are on a remarkable high. Even when they are marginally *off form*, as they were for some parts of their concert in the Usher Hall last Monday, they still sound like a major orchestra. There were a few minor fluffs of ensemble and intonation (notably from the horns) in the opening piece of their programme, Stravinsky's affectionate homage to Chaikovsky, *The Fairy's Kiss*—but it was otherwise a deft and sparkling account, beautifully shaped, and underpinned by tremendous rhythmic momentum.

One of the particular delights of Skrowaczewski's direction is the subtlety of its rhythmic inflection. The Halle's performance with the pianist Peter Donohoe of Stravinsky's Concerto for Piano and Wind was not entirely note-perfect; but it was proposed with such vivid good humour, and contained such a wealth of rhythmic nuance and delicate textural shading, that such imperfections as there were passed by virtually unnoticed.

Skrowaczewski's account of Chaikovsky's fourth symphony was, in purely metronomic terms, one of the fastest I have ever heard — but without any sense of breathlessness; the metre, however urgent, was always firmly contained. The opening movement's central climax was electrifying: a massive and wonderfully flexible string sonority, worthy of the old NBCSO under Toscanini, giving the illusion of limitless force in reserve. The *con fuoco* finale was a splendid tour de force, urged to its fiercest limits: it is rare to hear orchestral playing as exciting as this anywhere today.

The following evening, on Tuesday, the Toronto Symphony Orchestra under Andrew Davis arrived in the Usher Hall on the first leg of a European tour. They are an exceptionally solid orchestra—more solid, in their fashion, than the Halle, more reliably schooled, but less finely tuned in their responses, more predictable, and perhaps ultimately less capable of surprising. Their performances under Davis of Berlioz's *Corsaire* overture and Prokofiev's fifth symphony were technically irreproachable, but curiously dull in rhythmic impulse, unfocused in colour. There was nothing notably wrong: but nothing either outstandingly right.

A visiting band, jet-lagged and disoriented, can always be forgiven for a performance which sounds a shade out of focus. Nothing, however, could forgive the preposterous account which Ivo Pogorelich gave in the Toronto's programme of Chaikovsky's first piano concerto. In Pogorelich's extreme youth one made allowances for him in the way one would for a hectic but greatly talented and sometimes lovable brilliant child. As he gets older, his pictures on the sleeves of his records are as pretty as ever, but the playing becomes more eccentric, and less lovable, with every passing month.

On every page of the concerto he would hold up the flow of the music, wherever he could, with grotesque successions of self-admiring *ritardandi*, indulgent flourishes, senseless accents. The performance as it progressed grew less and less like anything to do with Chaikovsky's concerto, and more and more a vehicle in which Pogorelich could play out, to his own presumed advantage but to Chaikovsky's distinct disadvantage, part of some personal, whimsical and wholly irrelevant dream.

Chinese Magical Circus

Martin Hoyle

Lady preachers are a commonplace in Scotland these days, and doubtless somewhere on the Edinburgh fringe there is a dog walking on its hind legs. Today Dr Johnson (an ambivalent commentator on things Scottish at the best of times) would be pithy, I suspect, at the expense of 12 charming Chinese on one bicycle, a lady standing on one hand doing a back-bend until she wraps her feet round her head, or a magician removing a young man's head that proceeds to look sadly at its waving torso across the stage.

The Guangzhou Acrobatic Troupe are presenting a mixed bag of juggling, conjuring, balancing and acrobatics under the title of *Chinese Magical Circus* at the Playhouse. The first night saw some rough edges: the stage light that thudded to earth from above can scarcely have helped the performers' confidence. A back-somersaulter landed on the ball of his choice at the third attempt; a horizontal row of rings collapsed four times before an acrobat triumphantly sailed through the top one. But the total effect was one of grace, physical flexibility and meticulous discipline.

The company was established in 1959, one of the few institutions to flourish under the Cultural Revolution. They emphasise recent developments in their art as much as its traditions. The ancient pastime of pole-climbing, for instance, has been updated to include two poles, up and down which the acrobats shin, sometimes upside-down, occasionally leaping from one to the other. Tradition is not ignored, however. We open with a lion dance and close with fluorescent dragons sinuously etching serpentine patterns on the darkened stage.

A male pole-twirler, more graceful than a drum-majorette, keeps his rods spinning, flying, occasionally puzzling him in defiance of gravity, without using his hands. A clown sends cross-shaped boomerangs skimming into the auditorium; they spin back to him like detached propellers. My lasting memory is of a young woman on her back, legs and arms raised, balancing pyramids of delicate glasses on hands, feet, mouth and forehead. Somebow (I still can't work it out) she turns over on to her tummy and back again, without dropping a glass.

There is some decent conjuring, cheerfully naive clowning, many hand-stands and a lot of balancing acts. If, as Alan Sherman's immortal song has it, Mexicans dance on your hat, then Chinese stand on your head.

★

The Oriental motif (*The Toho Medeo*, The Tokoda *Marionettes*) continues with *Sumo*, performed by the Banyu Inryoku company at the Assembly Rooms. Subtitled *Desert Zoo*, it opens with two postmen pretending to be sand. Characters include Walnut, a professional father from an institute called "the symmetry of which is the basis for reality" (though not of syntax). A half-naked man is stamped and addressed like a letter. Some characters appear as stones in "a return to the fundamental inexplicability of ens." A tuna, a wind machine and "meaningless objects" that the programme exhorts us to think about and give a role to, figure prominently. The decibel railing is high, the conviction unwavering, and Londoners who like this sort of thing will find it soon at the sort of place like, the capital of fundamental inexplicability, the ICA. Samuel Johnson, thou shouldst be living at this hour.

Bolshoy Ballet/Battersea Park

Clement Crisp

As the last leg of what has been a long and exhilarating visit, the Bolshoy Ballet is installed until Sunday in a tent in Battersea Park. This is not the Royal Ballet's Big Top, but a larger and smarter marquee seating nearly 4,000, and despite the November gales howling around the canvas on Tuesday night, a not inept setting for a "popular" programme. The evening provides a convincing view of the company, of its communicative fervour, its bigness of dance scale and dance effects.

The programme begins with *Les Sylphides*, continues with the second act of *Spartacus*, and ends with a bandful of divertissement sparklers to send us home dazed by fouettés and amazed by stalwart Muscovite arms bearing girls aloft in triumph. (The Bolshoy men, incidentally, are as virile in their divertissement garb of claret-coloured harem pants, green chiton, palest lavender long Johns or dove-grey *après-ski* trousers, as they are in the slaves' tatters from *Spartacus*.)

The *Sylphides* staging triumphs over surroundings hardly conducive to the romantic reverie that Fokine intended: not even the roar of aircraft or the amplification of the orchestra could dissipate poetry of these aspiring spirits. The dancing is beautifully generous in impulse, Natalya Bessmertnova melting into each phrase of the duet, Nina Ananiashvili gazelle-like in the little waltz, Nina Semizorova bounding through the mazurka as if its rhythms were part of her being. Alexey Fadeyechev (rather than the programme sheet's suggestion of Yury Posokhov) was the Poet, recalling his father's nobility of style.

In *Spartacus* Irekh Mukhamedov showed once again that he is the new ideal of the Bolshoy hero, and an irresistible leader of slaves, with Lyudmila Semenyaka the purest of Phrygias, and Boris Akimov and Maria Bylova proudly degenerate as Crassus and Aegina. What grips the audience's attention, in the tent as in the theatre, is Yury Grigorovich's mastery of monumental effect and his company's ability to give emotional weight and meaning to the swathes of dance which tell the story. And with what directness and sincerity does Mukhamedov portray heroism; bow rare to see such dignity and such grandeur of outline in dance as in characterisation.

About the divertissements I record with regret that on this occasion — perhaps because of a delayed start to the evening — we were denied the solo variations in the Block *Swan* and *Corsaire* duets, which cost us the pleasure of seeing more of Alla Mikhalchenko's dazzling Odile and Semenyaka's lustrous Medora. Mikhail Tsivin surged bravely through Solor's variation from *Bayadère*, and Maria Zubkova and Alexander Valuyev were excellent as the Indian Dolls from Grigorovich's *Nutcracker* (the best use of the Dance Arabe music that I know). Maria Bylova and Leonid Nikonov unleashed torrents of feeling in *Spring Waters*, and the sparkling Semizorova and Yury Vasinchenko were caught up in a pretty Drigo waltz in a reconstruction of part of Petipa's *Talisman*.

And as crown of the evening, reason enough for braving the mud in the park and the whiplash roar of the wind Mukhamedove and Natalya Bessmertnova in the lyric duet which ends the first act of *The Golden Age*, giving us dancing quiet, heart-touching, and perfect. As a travel note I would advise allowing plenty of time for reaching the tent, and getting into it.

Dee Conway

Lyudmila Semenyaka and Irekh Mukhamedov

Marlowe/King's Head, N.1

Antony Thorncroft

If you cannot have a really good musical (and you very rarely can) there is nothing to beat a really bad musical. *Marlowe*, first produced off Broadway (probably in Topeka, Kansas) in 1962, is warmly welcomed to the club.

Based around the life, or rather the death, of the Elizabethan playright who stage-managed a dramatic exit for himself in a tavern brawl in Deptford, it offers bad acting, principally through Steve Harley in the title role; bad lyrics, with rhymes hitting you with the subtlety of a "Sun" leader; and bad business.

Harley, once a singer with rock group Cockney Rebel who has become a legend by doing nothing for many years, reduces acting to a sneer: you would hardly think him capable of writing a Christmas card. The lyrics have a remorseless beat —"Good guys and bad guys. Could not ignore this king of the gad-flies" just about sums them up, while the action reaches a fitting climax with the assassinated Kit handing on his quill to Shakespeare with the kindly, "It's up to you, Willie."

Leo Rost and Jimmy Horowitz were responsible for this curiosity which they set, for the first five explanatory minutes, in an American High School. Then we are back to the 16th century and poor Archbishop Parker cast as the Grand Inquisitor determined to rid the world of that free thinking, gay, atheist, Christopher Marlowe. It seems rather hard on a man who was actually a Government spy and who, in *Dr Faustus*, wrote a most scathing indictment of devil worship.

But then this Marlowe is all over the place. Built up as the alternative queen he is immediately seduced by Shakespeare's Dark Lady (Seeta Indrani, who comes out of it all with her acting reputation unimpaired).

There is something awesome about seeing our greatest theatrical names as characters on a stage, and there are undoubted mysteries attached to Marlowe's short life. But can this really be a serious attempt at historical re-interpretation? No, it is just a jolly end-of-term romp which has got out of hand. There are some lively tunes by Horowitz and some staggering liberties taken with the past. It might he banal, bewildering, and hitty but it is not (quite) boring.

Trust pays £1.75m for Sheringham Hall

The National Trust is to pay £1.75m for the 770-acre Sheringham Hall estate on the north Norfolk coast. The house, by 19th-century landscape designer Humphry Repton, will be let to a private tenant rather than opened to the public.

But the grouods, which include woods, coastline said to be of special scientific interest and a park, regarded as Repton's masterpiece, will be open to the public.

Mozart Requiem/Albert Hall

Max Loppert

At the Proms on Tuesday the Monteverdi Choir and English Baroque Soloists gave as their main offering the Mozart Requiem. It was not the first "authentic" performance of the work in London, but it was surely one of the most absorbing, convincing, and successful.

Success was, indeed, all the more marked for the particular conjunction of place and style of performance—for, in recent Prom seasons, the Albert Hall has tended to work an unhappy diminishing effect on more than one period-style reading of an 18th century choral masterpiece. But music, auditorium, and performing forces were all under the complete control of the conductor, John Eliot Gardiner; and because of this the work was projected with startling freshness and blazing dramatic force.

When, in performances of this kind, balance is as nicely held between sound, style, and notes on the printed page as it was on this occasion, one's first response is simple delight in the sonorities — the springy woodwind, the rough-edged but never uncoutb hrass, the clear string tone, the distinct choral timbres, even the special character of the drum-beats. But here, concentration on articulation provided the key to a deeper view of the music. The dynamic edge which Gardiner insisted on giving to each semiquaver, each offbeat accent, was never merely showy; the purpose was drama, and it was achieved in movement upon movement.

Tempos were "fast" — but never hasty, never breathless, always arrived at with a larger vision in mind. Dynamics were etched with keen attention (a *subito piano* became once again one of the most telling expressive shafts in the Mozartian armoury). And, beyond the impact of details and single movements, one gained a new awareness of the Requiem — even of its Sussmayr-completed passages—which was at once strictly 18th century and yet, unsettlingly "modern." Only the team of soloists could perhaps be faulted: Barhara Bonney, Anne Sofie von Otter, Hans Peter Blochwitz, Willard While, fine voices all, but not all suited to each other, and not all ideally fitted for a Gardiner Mozart Requiem.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 22-28

Exhibitions

LONDON

Hayward Gallery: Dreams of a Summer Night – an exhibition of painting at the turn of the century in the five Nordic countries, organised by the Arts Council and the Nordic Council of Ministers. It proves to be an important and intriguing exercise in critical reassessment, for though many of the painters enjoyed a certain contemporary fame abroad, they were with one great exception all but forgotten in the years after the first world war. Munch was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the demonstration that he was no arbitrary phenomenon but the notable product of a distinctive national and regional character. Ends Oct 5, then Düsseldorf and Paris.

PARIS

Medieval art in Paris: The abbots of Cluny built their magnificent late gothic town house in the heart of the Latin Quarter on three blackened ruins of Roman baths. Now a museum, it houses mediaeval works of art: goldsmith's work, carved altar pieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn *mille fleurs* tapestries – an allegory of the five senses, one of the masterpieces of mediaeval art. Musée de Cluny, 6 Place Paul-Painlevé, Métro Odéon.

Picasso Museum. The 17th century Hotel Salé, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3,000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's collection of paintings by his friends such as Braque and Matisse, or by artists he admired, Renoir, Cézanne and Douanier Rousseau. Musée Picasso, Hotel Salé, 5 Rue Thorigny, Paris 3 (4271 2421). Closed on Tuesdays.

Rodin's Riches. A delightful 18th century Townhouse – Hôtel Biron – contains the life work of Auguste Rodin, whose genius opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac, draped in his cloak, defies time. Musée Rodin, 77, Rue de Varenne (Métro Varenne) (47050134). Closed Tuesdays.

WEST GERMANY

Düsseldorf, Kunstmuseum, Ehrenhof 5: Otto Pankok (1893-1966). The Passion; 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

Essen: Villa Hügel: The chairman of Krupp, Dr Berthold Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete coin collections in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesi and Tiepolo. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

BRUSSELS

Ghent: Chambres d'Amis, 51 international artists showing in 51 private houses. Tickets, map etc from Modern Art Museum, Ghent (091/21 1703). Ends Sept 21.

ITALY

Florence: Fort Belvedere: Donatello and his Contemporaries illustrates the remarkable versatility of the greatest sculptor of the early Renaissance. Half the 110 works here were on show in Detroit last autumn, but notable additions include the Cellini Madonna lent by the Victoria and Albert Museum, the bronze Tondo rediscovered in 1975 and two recent discoveries of possible Donatellos: The Madonna of the Murate (found in the chapel of the one-time Florence prison) and the unfinished head of a youth, found in the Uffizi store-rooms. One room contains the four outstanding Florentine wooden crucifixions of the fifteenth century (not counting Michaelangelo's in the Casa Buonarotti): That of Brunelleschi; the crucifixion from S. Croce by Donatello, Michelozzo's from S. Niccolo and the crucifix from S. Bonaventura a Boscoi Frati, of doubtful attribution. Ends Sept 7.

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

NETHERLANDS

Amsterdam, Royal Palace: This year's summer exhibition is devoted to the work of Jacob de Wit, an 18th-century Dutch artist likened in his day to Titian, specifically to his vast painting of Moses selecting the Seventy Elders – which lines one wall of the Council Chamber – study drawings of which are now on display below the canvas. De Wit excelled in his *trompe l'œil grisailles* imitating stucco and sculpture, to be seen in this Chamber and the adjoining gallery. Ends Aug 31.

Den Bosch, Noordbrabants Museum. Regional costume and jewellery from the Catholic south of Holland as worn by the ordinary folk of town and country in the period 1500-1950. Illustrated with many surviving pieces, the evolution in design is further traced in paintings, prints and photographs showing the dress worn for high days and ceremonies: baptism, first communion, marriage and mourning. The greatest variety was in the lace caps and bonnets, often specific to a town or village and richly decorated with bows and ruches. The ornate jewellery, or "peasant gold," reflects growing rural prosperity towards the end of the last century. Ends Aug 31.

SPAIN

Madrid, Prado Museum. French, Spanish and Italian paintings of the 18th century. This exhibition from the Prado collection includes works not seen for 15-20 years as well as recent acquisitions. Tiepolo, Bayen, Maella, Paret, Juan Bautista, Mengs. Palacio de Villahermosa, Plaza de las Cortes 5. Ends Sept 30.

Madrid, Treasures of Spain – Ten Centuries of Books. Three exhibitions gather Spain's rich book collection of 1,000 years. Biblioteca Nacional, Sala Ruiz Picasso, Paseo de Recoletos 22. Ends Sept 7.

NEW YORK

Museum of the City of New York: Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre da Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

Cooper Hewitt Museum: Hollywood, Legend and Reality celebrates the history of America's greatest popular culture in all its excesses and intimacies through the various crafts like production, direction, editing and special effects. Ends Oct 25.

WASHINGTON

National Gallery: Viennese Renaissance sculpture from the Kunsthistorisches Museum includes work by Bertoldo di Giovanni, Andrea Briosco, and Alessandro Vittoria. Ends Nov 30.

National Gallery: The first major retrospective of the works of 19th-century American landscapist George Inness traces the artist from the early influence of French Barbizon landscapes through the development of his own soft naturalism with dramatic skies dominating rolling terrains. Ends Sept 7.

CHICAGO

Art Institute: Treasures of Japanese Buddhist Art, the only showing in the Western world of works from the great Todaiji Temple in Nara, Japan, includes 151 statues, hand-scrolls and intricately designed lacquered objects from the largest wooden temple in the world. Ends Sept 7.

Art Institute: The unknown works of Mies van der Rohe and his disciples of modernism shows 250 original drawings and models to better place the architect in the modern tradition through a fuller range of his works than previously covered.

TOKYO

Turner (1775-1851): Over 100 oil paintings and water colours in one of the most important Turner exhibitions held overseas. Loans (20 from London's Tate Gallery) include Rain, Steam and Speed from the National Gallery, and Lifeboat and Manby Apparatus, courtesy of the Victoria and Albert Museum. Tokyo Museum of Western Art, Ueno Park. Sponsored by Nihoo Keizai Shimbun and British Council. Ends Oct 5. Closed Mondays.

Berlin festival lifts the veil on arts in Moscow

West Berlin next mooth will assume a pre-war Berlin role when it hecomes a cultural bridge between Moscow and the West. Remarkahly, this will take place with the full support of the Soviet authorities, and only one month after the city marked the 25th anniversary of the Berlin Wall.

The annual Berliner Festwochen (September 1-28) will provide the framework for the festival's major theme—the arta in Moscow—and may provide aome elues to the impact Mikhail Gorhachev has had on Sovlet culturat life.

Andrej Woznesenski will read his poem on Chernobyl for the first time to a foreign audience. Like hia friend Boria Pasternak, he was suppressed hy Nikita Khrushehev and freqnently deals in his poems with the conflict between man and technology. Yevgeny Yevtushenko, who survived the culturally arid Brezhnev era, will offer aamples of hia latest works ineluding his first film, *Kindergorten*, with Klaus-Maria Brandauer playing a Nazl officer. The popular Andrej Bitov will read from his novel *Pushkin House*, which was pnhlished in the West but not in the Soviet Union.

Moscow's famed Mayakovsky Theatre will present Nikolai Leskov's *Lady Mocbeth from Mzensk* and Lev Tolstoy's *Fruits of Enlightenment*, a parody of the women's lib movement In the last century.

Seldom-seeo Soviet films from the 1920s to the present have heen selected for screening at the Araeoal Cinema. Their showing reflects the efforls of the new head of the Soriet Film Federation. Elem Klimov. who has championed the release of films previously hlocked hy the ceosor. Similarly young Soviet painters are to exhibit works in West Berlin which would have been unexportahle until recently.

The workshop of the Mossoviet Theatre will present *Fire Corners*, a slice of life play set In Leningrad. At the Philharmonie, Genadi Rozhdestvenski will direct a commissioned work by Sophia Gubaidulina for the Berlin Festival while Yuri Bashmet will play a viola composition by Edison Denissov, whose opera *L'Ecume des Jours* was highly acelaimed recently in Paris.

Soloists from the Bolshoy Theatre will present avant garde music of the Twenties hy Sherbatshev and Shostakovich as well as contemporary Soviet composers.

In total contrast to the Moscow scene will he the festival'a homage to the Polish theatre director Tadeusz Kantor, whose powerful *Let the Artists Die* will he presented hy the Cricot 2 Troupe of Cracow.

The Deutsche Oper Berlin will be celebrating its 25th anniversary with a gala concert on September 24 in whlch Luciano Pavarotti will take part along wlth Dietrleb Fischer-Dieskau, Gundula Janowitz, Rene Kollo, Karan Armstrong and others.

LESLIE COLITT

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday August 28 1986

Farm dilemma for the Gatt

BY IDENTIFYING agriculture as the most important topic for the proposed round of international trade negotiations, 14 producer nations meeting in Australia this week have highlighted a fearful disarray in world markets.

But their declaration from the Queensland holiday resort of Cairns may also bode ill for the crucial General Agreement on Tariffs and Trade meeting next month in Punta del Este, Uruguay, another holiday resort. There, ministers of the 92 member nations of Gatt will grapple with the agenda for a trade round that promises to be the most politically difficult yet undertaken.

The Cairns club, led by Australia and claiming to represent nearly a quarter of world farm trade, is taking direct aim at the most visible and damaging symptom of world agricultural over-capacity: the export subsidy programmes of the EEC and the US that have been destroying markets for weaker, agriculture-dependent economies in Asia and Latin America.

Four years of argument at the Gatt headquarters in Geneva resulted in a theoretical agreement to tackle these trade-distorting subsidies. But at the last minute the EEC was unable to endorse that commitment because of the refusal of France (supported by Ireland, Greece and Spain) to see the Common Agricultural Policy of the EEC laid so explicitly on the bargaining table.

Deeper problem

Meanwhile, the Americas, whose dislike of the CAP has brought them into almost permanent confrontation with Brussels over farm trade, have indicated support for the objectives of the Cairns club. This is in spite of the fact that the US has its own "export enhancement" programme of cut-price sales which is designed to win back markets for US farmers struggling against bankruptcy. This programme for beating the EEC at its own game has further inflamed the situation, spurring the creation of the alliance cemented in Cairns this week.

If export subsidies were the only issue, next month's Gatt meeting might succeed in drawing up a programme of negotiations for their removal, in spite of the EEC's misgivings. Unfortunately, the problem runs much deeper.

Trade in agriculture has never been subject to the same Gatt disciplines as trade in goods. The existing subsidy rules merely urge the signatories to try to avoid subsidising foreign sales of primary products. Direct or indirect subsidies that have that effect are tolerated, provided no more than an "equitable share" of the export market is gained. The language of Article XVI has done nothing to help resolve disputes.

The Gatt itself has long recognised the wider political implications of restoring order. Export subsidies are only the consequence of domestic farm support programmes that artificially raise the price of products at home in order to maintain the incomes of those living on the land. And the gap between domestic prices and world prices will keep on widening so long as farmers are given the financial incentive to grow and the technology to improve yields.

Useful service

Both the US and the EEC are now paying the price, in terms of record budgetary support, of unsustainable overcapacity and they are reaping a harvest of ill-will from countries unable to dig into taxpayers' pockets.

Trade negotiators have probably gone as far as they can in opening agricultural support mechanisms to scrutiny and negotiation. Now it will be for their political masters, meeting in Uruguay, to decide whether the time has come at last to tackle, rather than merely to examine, the fundamental problems of world agriculture.

Gatt disciplines for trade can certainly help to accelerate the pace of necessary adjustment—in any industry—by blocking the easy escape route for politicians who are besieged by powerful interest groups to grant open-ended protection. But if governments are not ready to re-think the whole purpose and design of their protection for farmers, it is hard to see what a Gatt negotiation on agriculture can achieve.

The Cairns club is performing the useful service of reminding the world of a gaping hole in the Gatt system: but a confrontation at Punta del Este could wreck an already frail consensus. The last Gatt ministerial meeting, four years ago, was a diplomatic failure because of controversy over agriculture. The consequences of another diplomatic failure would be little short of disastrous.

Opening up the professions

THE THATCHER Government, unlike its predecessors, has recognised that many of tha rules and regulations of professional bodies in tha UK represent unnecessary and damaging limitations on competition. It has rejected the self-serving argument that the professions are somehow "special" and need to be exempted from market forces if the quality and integrity of their services are to be *maintained.*

Yet in spite of its good intentions, the Government has made relatively limited progress in sweeping aside professional restrictive practices. The most notable successes are the breaking of the opticians' monopoly on spectacle dispensing and tha introduction of advertising in aome professions. The Government has also encouraged hig changes in the stock market, and has bowed to pressure over the elimination of the solicitors' conveyancing *monopoly.*

Another report by the Office of Fair Trading, this time on restrictions imposed by architects, accountants, solicitors and barristers, may do something to rekindie the Government's radicalism. But it would be foolish to expect mnch in the way of serious reform, if only becausa the scope of the OFT investigation was quite narrow. Sir Gordon Borrie, the OFT's director general, has looked only at restrictions on business *structure* imposed by professions rather than at restrictions in general.

Entry restrictions

Yet it is often argued that competition is limited not just by restrictions on business structure hut also hy other distortions sucb as the erection of artificial entry harriers. This is possihle because of the control professions exert over the licensing of their members. The numbers of practitioners can be restricted by, for example, extending training periods or raising the standard of examinations far beyond what is actually required to ensure competence. This is done ostansibly to protect the consumer but, as tha OECD noted in a 1985 report on professions, the real purpose may be "to set high prices and earn monopoly profits." Entry restrictions imposed by professions ought to be scrutinised by competition authorities.

In the meantime, Sir Gordon bas found much fault with professions' curious and inefficient business structures. His sharpest criticism is reserved for the legal profession and in particular for the extreordinary rule that barristers must practise only as individuals. This is an example of a restriction which acts not only against the interests of consumers but also against the profession'a own interests. Sir Gordon makes it clear that, hut for the preaent joint investigation of the legal profession'a oddities by the *Bar* and the Law Society, this practice would be referred to the Monopolies and Mergers Commission.

Market forces

Accountants are a little further np the *evolutionary* chain than barristers and do organise themselves as large partnerships. The OFT clearly thinks that tha large multi-disciplinary firms should move a step further and form limited liability companies. This would mean that anditors, for the first time, would themselves be andited. The OFT is recommending a change to the Companies Act to make this possible. The only worry is wbether incorporstion conld worsen suspected conflicts of *interest* within firms which act both as consultants to directors and as watchdogs for shareholders.

The existence of many distinct (and jealous) professions results in an artificial separation of business activities. This *almost certainly reduces efficiency* and raises costs for consumers. Ona example is the artificial distinction hetween harristers and solicitors. Another is the regulation preventing solicitors from sharing fees with non-solicitors; this obstructs the provision of efficient "one-stop" house-buying services.

The Government's rhetoric about the need to suhject the professions to market forces is admirable. The disappointment to date is that its hite has proved less ferocious than its bark.

NORMAN WILLIS, the substantial general secretary of Britain's Trades Union Congress, leans back in his chair in the Ernest Bevin room behind his fourth-floor London office, and speaks of a new positive spirit surrounding the UK's hard-pressed trade unions.

"There's a new zest now," he says. "Crushed by union laws, crushed by the defeat of the miners—that's how it was supposed to be. But that's not happened—and it won't happen next week."

Next week, in breezy Brighton, the annual Congress of the TUC assembles. For the past few years, the TUC's seaside seminar has been a racked, difficult affair. In 1983, shattered by Labour's rout in the General Election, the unions tried to come to terms with a new, limited role; the following year, Congress was convulsed fruitlessly, as it transpired—with the sound and fury of the titanic miners' strike; in 1985, the TUC was pitched to the edge of a potentially fatal split over taking Government money for ballots—but drew back from the precipice.

Despite dark mutterings of a plot to despatch him, Mr Willis and his advisers believe that this year, the unions look healthier than for some time. Certainly there will be rows—over the Labour Party's new ballot-centred employment law programme, over a statutory minimum wage, over nuclear power, over News International's Wapping dispute. But the possibility on the horizon of a change of Government means every effort is being made to ensure those differences are not debilitating.

"People are conscious of a decision-making process that is a run-up to a General Election," says Mr Willis. "People are aware of the need for priorities."

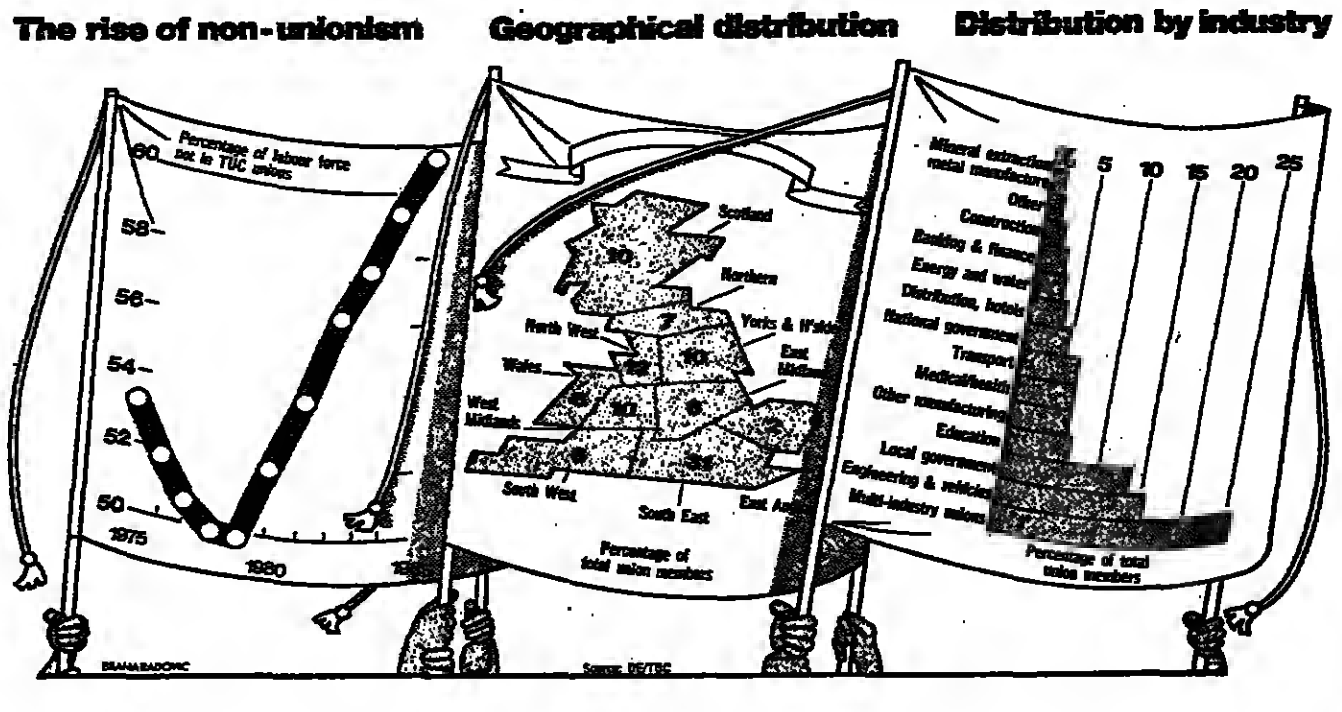
They need to be. Because away from the formal, high-level world of Brighton, the sweeping changes in the way people work and in thin attitudes towards trade unionism are posing a daunting challenge to Britain's trade unions.

At its most basic level, a clear and growing majority of British workers no longer belong to a trade union. Non-unionism has shot up, as shown in the accompanying graph. Based on data from the TUC and the Department of Employment, trade union density—the proportion of workers in TUC unions (the most reliable membership guide)—is now below 40 per cent.

Compared to the US, where only 19 per cent of workers are in unions, or West Germany, Japan, or France, whose union density figures are still lower than in the UK, this gives union leaders gathering in Brighton some crumbs of comfort. But there is precious little other comfort in the figures.

In some industries, the change in union membership in the recession has been startling. Construction, for instance, has seen membership in the first six years of Mrs Thatcher's administration fall by 28 per cent. Overall, as the graph shows, it is concentrated in cross-industry unions, heavy industry and the new highly-unionised public sector.

Around the country, too—apart from the south-east, which accounts for the bulk of UK jobs—most union members are still found in the industrial heartlands, which have borne the brunt of company closures. Union density is high in the



BRITAIN'S TRADE UNIONS

At war with a wasting disease

By Philip Bassett, Labour Editor

traditional areas, like Wales (64 per cent), or the North (67 per cent), but low in areas where there are a large number of new jobs—the South-East (41 per cent), East Anglia (30 per cent).

Within this pattern, research by the Open University found that the old-established centres of union organisation are becoming numerically marginal: in the AEU engineering union, for instance, more than half the union's members used to be in five key areas—London, Lancashire, the West Midlands, South Wales and Glasgow. But as a result of the recession of the 1980s, these core areas together now have many fewer members than areas which were previously considered peripheral.

The majority of workers are no longer members

Professor Doreen Massey of the Open University says that the trend is continuing, and points to a low presence of unions in the growth areas of the country, such as the M4 computer belt. Scotland still has many union members in tha traditional industries of steel, shiphuilding and mining. Bnt all those industries are in decline, and in the growing high-tech "Silicon Glen," the Scottish Development Agency's examination of US-owned companies showed that 83 per cent of electronics plants were non-union, rising to 86 per cent in high-tech health care companies.

Britain's unions have failed to crack these new industries—failed to follow the work. Employment has shifted massively from manufacturing, hit hard by recession, to the private-sector service industries promoted by Lord Young, the Employment Secretary, such as tourism, hotels and restaurants.

The unions have not followed suit. Jobs in services rose in the six years from 1979 by 9.8 per cent. But in the private-sector service industries, union density remains very low: the general GMBU union, which has tried hardest to organise in hotels, estimates union membership there at only 6 per cent.

Not only have the unions failed to penetrate the growth sectors of work; they are slipping badly in their traditional base. In manufacturing, trade unionism's core, employment has fallen by 13 per cent but union membership has slumped still further, by 24 per cent.

Why? Why don't people want to be in unions? In some cases, it is because they cannot be—more and more employers, especially those setting up for the first time do not see the need for unions and do not recognise them. This is particularly trua of foreign-owned firms: almost 40 per cent of Japanese companies in the EEC are non-union, for example, with a little over that having only an in-house company union.

Professor Wiliam Brown, of Cambridge University's applied economics department, says: "The employer's control of recognition has always been a crucial determinant of union development."

Partly, though, it is because people simply do not want to be in unions. IBM is only the most prominent exampla of a non-union company where employees, when asked, rejected trade unionism.

Science parks and industrial estates in growing new towns like Milton Keynes are full of non-union companies like Westinghouses UK subsidiary, tha robotics manufacturer Unimation, in Telford.

There, women soldering on the production lines react in amazement when visitors put the idea of trade unionism to them: "what do we want with that here?" Or a teenager worker at Sanyo, in Lowestoft, which does have a union (the electricians' EEPTU, with a strike-free deal): "I don't bother joining, because there's too much argument. I'd rather just be here to work, do my job and go home in the evening."

Poll evidence bears out this indifference—for it seems mostly that, rather than moral or ideological opopsition. The largest section of people last questioned on unions by Gallup were broadly sympathetic to unions, but were not members. Of those who are members most are not actively involved: Mori found recently that while almost two-thirds of union members voted in union elections, and the same percentage had at soma point been to a union meeting, only 29 per cent bad put forward a proposal at one, and only 16 per cent served as a shop steward. A fifth of mebers, had participated in no such ectivtiels at all.

Re-invigorated by the chance of a Labour government

Why should they? Weakened, with a large part of their economic muscla gone, the unions' ability to secure acheivements for their members simply by virtua of membership size is much reduced.

Gallup finds that about two-thirds of those surveyed thought that wages and conditions would not have got to their present levels without trade unions.

But this perception may be changing. Although some estimates put the union wage differential at a very high level—as much as 74 per cent—perhaps more reliable estimates place it in single figures.

Dr David Blanchflower of Warwick University sees a 10 per cent lead for unionised semi-skilled workers, as little as 1 per cent for skilled workers in unions.

Faced with all this, what are unions doing? "What's significant," says Mr Willis, "is that it's *not* a period of retrenchment. Unions are saying that they want to go forwards, that they want to give consideration to the changing patterns of industry and the changing patterns of employment."

On the right, the EETPU electricians and AEU engineers are trying to hreak into non-unionism through their controversial strike-free deals—signing np members by signing up managements. On the left, the transport workers (TGWU) are starting to give a lead towards adapting union thinking and membership to the new work environment of more women workers, more part-timers, more temporary work.

In the centre, the GMBU general union is trying to combine both approaches. In its stress on individual rights which will form a substantial part of tha employment law package to be adopted by the TUC next week and the Labour Party next month, the GMBU is trying to attract people to trade unionism not throngh collective action, but through the unions' ability to police and enforce individual legal protections.

"We have to start by dealing with individual working people as individuals," says John Edmonds, GMBU general secretary. "Wa have to prove we can do something for them as individuals. *Then* we can prove to them how much more powerful they can be, bow much more dignity they can have at work, if they act collectively."

Coupled with that is a drive, dubbed Into 2000, for members in the high-tech sector, which provides some of the strike-limiting elements of the EETPU's deals together with the offer to tightly-staffed electronics companies of, in effect, contracting out to the union some of their personnel work, such as health and safety.

Whether pitches like this will be enough to make an *impact on non-unionism,* especially in these employment growth areas, is clearly at best open to question. Union leaders like Roy Grantham, of the white-collar union Apex, believe that high technology sectors will eventually be unionised, just as the previously non-union car industry was in the 1930s and 1940s (though as Jack Jones, former TGWU general secretary, reveals in his new autobiography*, that happened principally because of regulations imposed by government during the war).

There appears little hope for unions of such major breakthroughs in future; unemployment looks set to continua at current, or higher levels; change in the composition of workforce will make fresh demands on unions to adapt; and the pace of technological advance, and its shopfloor impact, looks unlikely to slow down.

Despite all that, Norman Willis may still be right. After tha wintry days for trade unionism of the cold 1980s, the chance of a Labour government is at least in part re-invigorating some of the unions. Whether it will be enough to send the blood of collectivism coursing from Brighton next week into tha now extensive veins of non-unionism will be British trade unionism's crucial test.

* *Union Man (Collins, £15).*

Men and Matters

Wright goes on screen

General Electric, the US industrial giant which acquired NBC as part of its $6.4bn takeover of RCA has made no secret of the fact that it boped Grant Tinker, aged 60, would stay as chief executive of NBC currently the most successful of the big three US TV networks.

Under Tinker NBC rose from a lowly third place in the ratings to top spot, enabling NBC to survive the sharp downturn in the US TV advertising market better than the others.

However, Tinker, who created hits like the Mary Tyler Moore Show and the Boh Newhart Show, before joining NBC, said some time ago he wanted to go back to film production. He has been looking for a successor who could maintain NBC's premier position.

Tinker wanted GE to pick one of his NBC executives. But GE has, instead, appointed Boh Wright, aged 43, a rising star in the GE heirarchy who at last count had beld 11 jobs in 12 years.

Speculation that GE was going to put one of its own people into the top joh at NBC has caused considerable consternation at the network. Wright's broadcasting experience is limited to a stint at a cable TV company which he tried to buy, and recently he has been chief exeentive of General Electric Financial Services. He last hit the news when he masterminded GE's acquisition of Kidder Peabody, the US investment hank.

However, any doubts that Tinker might have had about putting a non-TV man into the top joh at NBC appeared to have disappeared this week when Tinker hosted a press conference at NBC's Rockefeller Centre headquartars to introdnce his successor.

"Those of us who hava been working in the forest so long really do not have a lot of vision about what is over the horizon" said Grant Tinker, who believes that network TV in the US will hava to make some fundamental changes if it wishes to retain its dominance in *the broadcasting industry.*

Tinker calls Wright a "visionary and adds: "The timing of his arrival could not be better."

Lords' aid

Britain's Netional Health Service has its problems, but at least the people of the Western Sahara are benefiting.

Liberal peer the Earl of Winchilsea, aged 49, who is heading an aid scheme for the area, says: "It's rather ironic. We wrote to every area health authority in the UK asking for help — equipment, not money. We had a great response, from bedding to X-ray machines made redundant by hospital closures."

He is working with a Tory friend, Lord Wise. It all began when Lord Winchilsea went to the Sahara as a Liberal Party representative. He was in the area where the Polisario Front is fighting a war against Morocco and decided that something should he done about the poverty there.

Back in London he talked to Lord Wise. They made another trip and the aid scheme was *launched.*

Lord Winchilsea doesn't expect any backing from the Government. The best he can expect from his seat in the Lords is to strike lucky in a ballot for a short debate. He is working on that.

But up to now his approaches to industry have heen doing nicely. ICI is sending out consignments of concrete paint for shelters and Clark's, the shoe people, hava promised up to 10,000 pairs.

It isn't exactly a Geldof operaton, but the two peers hope it will grow and grow like Topsy.

"No, no, stupid—coffee prices rise when there'a a scarcity—petrol when there's a glut."

Closed doors

Selling expansive cars in a city as depressed, economically speaking, as Liverpool might seem an uphill way to make a living.

Yet two local businessmen, Talhot Smith and John Ireland, have built up a successful dealership in Mercedes-Benz cars and trucks there in the past six years.

Business is so good for them that they are now putting the finishing tonches to a £750,000 expansion scheme to provide showrooms, stores and servicing, on a central city site near the Liver Building at Liverpool's Pierhead.

But it so happens that their building is alongside the Albert Dock preservation project where the atmosphere of Liverpool in the great days of sail *is being* nursed *back to* lifa with a maritime museum of historic ships.

The development authority was not keen on a scene of 19th-century dockland being overlooked by a centre of *20th-century technology* — and German at that.

A spirit of compromise prevailed. Inside the showrooms the cars will look their modern best on a floor of white tiles with mirror ceiling above, and *discreet spot-lighting.*

Outside, the wall of the Road Range company facing the dock will be lined with old warehouse doors to step back a century in time.

Just a sideline

The links between building nuclear power stations and growing plants in test tubes are not obvious. But to Ron Rutherford, it all makes sense.

Rutherford has an engineering background and is bead of the corporste office of the National Nuclear Corporation, the Knutsford, Cheshire-based organisation owned jointly by the Energy Department and private industry, which is responsible for building nuclear reactors.

In his spare time he is also chairman of Microplants, a small company in Longnor, Derbyshire, which is carving out a niche in the new business of test-tuda plants. Grown in laboratories, they propagate at a tremendous rate and resist disease better than most plants grown by seeds or cuttings.

Working in tha nuclear industry these days calls for *diplomacy.* Rutherford will have scope for this over the next few months as he tries to drum up £250,000 from venture-capital groups, and the agriculture industry, as extra backing fo this new interest.

Observer

GERMANY'S ECONOMY

The big engine that wouldn't

By Rupert Cornwell in Bonn

SOONER OR later it has to happen, but will today be tha day?

This morning, the 16 men end nne woman who comprise the policy-making council of the Bundesbank gather again in the central bank'a modern headquarters on the edge of Frankfurt. The meeting is a regular fortnightly affair. But in the eyes of an impatient world, only one thing matters: will they finally decide on what everyone outside West Germany believes to be long overdue—a reduction in tha country's key interest rates?

It is an argument which haa dominated an ill-tempered summer of international economic diplomacy, stretching far beyond the contours of mere domestic monetary policy. Rightly or wrongly, what the Bundesbank chooses to do with its discount and Lombard rates is now seen abroad as the touchstone of a smugly successful West Germany's readiness to do its duty by a flagging world economy.

Inflation after all has disappeared, the trade and current account surpluses are set to break every record in 1986, while the Federal budget is in virtual equilibrium. Surely all this gives Bonn a leeway, to nudge growth above its present 2.5 to 3 per cent annual path, and bring down unemployment from the level of 2.1m, or 9 per cent of the workforce, where it has been stuck for three years?

Until last week it had soemed that, for all the angry words, a tacit agreement had emerged that the Bnndesbank would move, but some tima in September, timed perhaps to celebrate the first anniversary of the Plaza agreement of New York, of last September 21, when the leading industrial countries agreed to pursue a lower value for the dollar. That probably is still the wish, but events have moved swiftly since.

On August 20, spurred by ever more depressing evidence about the faltering locomotive of the US economy, the Federal Reserve surprised the Bundesbank and most other people by reducing lts own discount rate again, to a nine-year low of 5.5 per cent.

So, conceivably, the Bundesbank might feel ltself obliged to act today, even against its better instincts, and if only to prevent the mark appreciating further against the dollar. But the irony is that a decision which has now become high theatre may have little real impact where lt is really supposed to: on the West German economy itself. A cut in the discount rate, currently at 3.5 per cent, will be the first since March 7.

Quita apart from a natural dislike of being bullied by less virtuous rivals, the main reason for Bonn's long reluctance to cut interest rates—or do anything else wblch smacks of pump priming—is its belief that the economy is already doing very nicely on its own. West Germany, moreover, may be the third largest industrial power in the free world, bnt its capacity to hava a decisive bearing on events elsewhere is limited. As Mr Martin Bangemann, the Economics Minister, put it tha other day: "In so far as we can act as a locomotive for the rest of the wnrld, we already are."

If the present drumbest of statistics ls anything to go by, he may be right. True, ln the first quarter the economy contracted: but the second quarter saw an estimated growth of 1.5 to 2 per cent from the first quarter. Assuming a decent second half, the Govarnment's Inngstanding target of 3 per cent for tha whole year should be met.

More important, the centre of economic gravity in West Germany is demonstrably shifting from the export sector to the home market. A falling intake of foreign orders by many major companies is showing how the surga in the mark is already eating into their international competitiveness. Domestic demand on the other band ls running 4.5 per cent ahead of 1985, which has contributed to a 7.5 per cent jump in imports during the first half. Industry is investing more, with the OECD predicting a rise this year of 10 per cent over the 1985 figure.

The combination of zero inflation and wage settlements averaging some 4 to 5 per cent bas put more money in people's pockets; indeed, for the first time since 1978, persoaal consumption this year will rise more rapidly than overall economic activity, a fact which more than any other explains the universal conviction that even the lacklustre Chancellor Helmut Kohl can bardly fail to win the Federal election due on January 25 1987.

None of this of course explains why the country's surplus on foreign trade, that most tangihla proof of the imhalance between West Germany's capacity to produce and capacity to consume, cootinues to grow remorselessly, even though annual export growth is now under 2 per cenl in terms of voluma. In 1986, foreign critics complain, that surplus may reach DM 115bn or $55bn, or some 60 per cent more than even the previous record of DM 73.6bn in 1985. But here too, tha Government has a pat answer.

It is, in a word, the famous "J-curve," the graphical sborthand for bow appreciation of a currency tends at first to increase the trade surplus it is meant to reduce. This time, moreover, the phenomenon bas been exaggerated, as the collapse in oil and raw material prices has joined with the upward valuation of the mark to push import prices 20 per cent helow the level of a year ago. The Ecooomics Ministry claims that bad key commodity prices remained the same, the trada surplus in the first six months would have been not DM 50.38bn hut DM 19.3bn.

Those are the figures on which tha Germans rest their case, tbat the framework for steady loog-term growth, the couotry's best offering for future global prosperity, is in place. But there are other, more human, reasons for what others may see as an infuriating blend of cantion, complacency and stubbornness.

No one likes being told what to do by those less successful than themselves. Tbe Germans feel they have played by the classic macro-economic rules and won: "The devaluation of a currency is always a defeat," Mr Gerhard Stoltenberg, the Finance Minister, let slip recently in a revealing aside. Instead of firing verbal salvoes across the Atlantic, Washington might he better employed reducing its runaway budget deficit, in his view the root of America's economic woes.

In fact, bowever the two sides may differ in their interpretation nf the facts to band, their fundamental diagnoses of what truly needs to be done in West Germany, heyond the cosmetics of inevitable lnterest rate adjustments, are not dissimilar.

Significantly, the annual report on Wesl Germany last month from the Organisation for Economic Co-operation and Development (OECD), was notable for its omission of any recommendation, however coded, that Bonn take immediate action to stimulate growth. Rather, il argued for "supply side" structural incentives to free an encrusted economy, and steer it towards faster long-term growth.

They include lower taxes, deregulation of the protected sectors like transport and telecommunications which sbound behind West Germany's free market façade, and steps to invigorate the financial markets. The OECD wants the Government to speed up its balting programme of privatisation, and to cut subsidies.

All are moves calculated to appeal to the free enterprise instincts of Mr Reagan's America. They are also, more or less, the very goals to which Mr Stoltenherg and Mr Kohl say they are striving. On the tax front, a DM 20bn package of hand-outs in 1986 and 1988 is already in molioo.

Reform of the country's capital and share markets ls inching forward, while in June, Mr Stoltenberg—not least because nf a need to massage his 1987 budget returns—announced plans to raise DM 4.5bn by selling off the remalning Federal Government holdings ln the car manufacturer Volkswagen and the energy conglomerate VEBA.

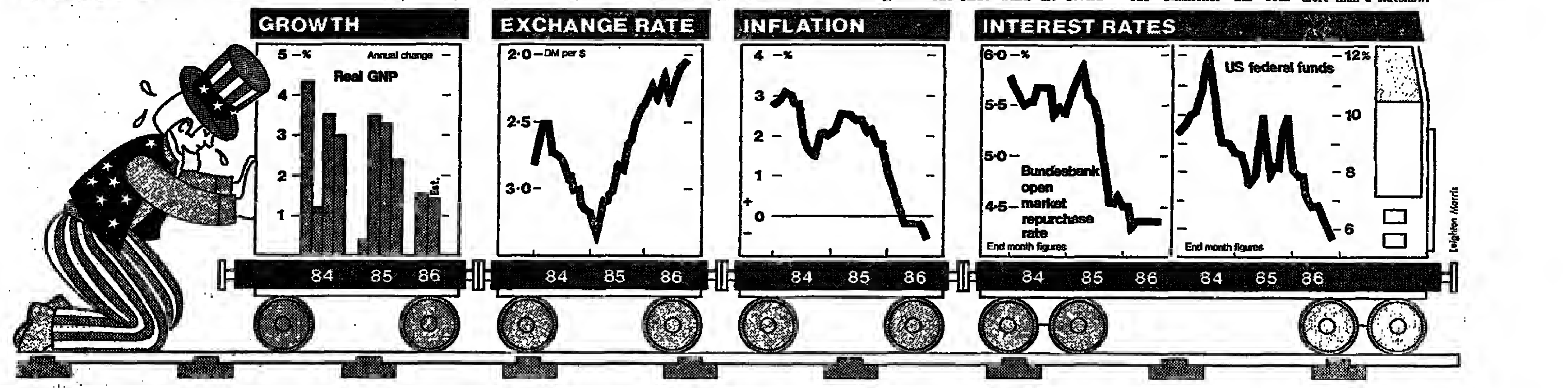
Everything, of course, is dependent on Mr Kohl and his centre rigbt coalition being returned to power in five months' time. But even the rumbling international debate on how Bonn should run lts economy has in practice provided a free extra platform from which the Government can trumpet its successes.

The Chancellor has been belped too by the failure of the opposition Social Democrats (SPD), either to come up with a credible alternative strategy of their own—or somehow turn the arguments of Washington to their own advantage. It is always hard to quarrel with proven success.

At its party congress in Nuremberg this week, the SPD has been advocating extra pnblic spending to create new jobs, and wants to ahift a greater burden of taxation onto the shoulders of tbe bigher paid. But in economic policy as elsewhere, the underlying mood of the country is against them. Even SPD voters, albeit by a tiny 29 to 27 per cent majority admit that the economy, in general, has improved during the first four years of the Kohl era.

Neither is the unemployment issue of much service. The Government claims that 600,000 new jobs will have been created in 1985 and 1986. Even though demographic reasons have seen to it that the gains bave not shown up in the unemployment statistics, many analysts reckon that the trend there is now starting, however slowly, to move ln the right direction.

The Chancellor in sbort has as yet little incentive at home to change tack, whatever his critics abroad may think. It is possible of course that the world economic slowdown may spread to West Germany as well: but until it does Mr Stoltenberg will continue, as is his wont, doggedly, cautiously along bis chosen course. And it is one on which a cut in West German interest rates—today, in a fortnight, or a month—will be little more than a sideshow.



Letters to the Editor

Unemployment in Europe

From Mr Edwin Whiting

Sir,—It is not fair to say, in your leader of August 22 in relation to unemployment, that "West Germany is coping while other European countries flounder."

Surely Sweden has about the best record in Western Europe, with an unemployment rate of around 3 per cent all through the 1980s against West Germany's 8 to 9 per cent. Sweden has been most successful, I believe, because it has used almost every unemployment reduction measure in the book, such as early retirement, job creation programmes, subsidies for hard-to-place workers, restrictions on overtime, relocation aid for job seekers, special services for the unemployed, a network of 60 training centres and the "youth pool."

A major factor in the Swedish attack on unemployment is the highly efficient National Labour Market Board which embraces all aspects of training and employment. All vacancies are centralised with a daily computerised list on screen at each local office. There are no private employment agencies (as is indeed the case in most European countries). Registration of vacancies by the employer is compulsory.

Each unemployed person is monitored and suggestions made as to jobs or training. A young person cannot be unemployed for long; if no suitable occupation can be found, in the last resort a job has to be taken in the "youth pool."

If the UK had a regime which never allows any unemployed person to be out of sight for too long, which has a centralised board that has power and money to manage unemployment and which has few problems of labour mobility, unemployment here would have been very much less. But it would require more regulation and control, which would be scarcely popular when everything else is being deregulated.

The Swedish system is very expensive but it has certainly prevented mass unemployment which would have been more expensive still.

Edwin Whiting.
Greybeck, Kinder Road, Hayfield, Stockport.

The Danish experiment

From Mr Birger Jarulf

Sir,—Thanks for showing interest in Denmark's situation in your editorial comment (The Danish Experiment, August 18). The situation is indeed remarkable.

A devaluation of the Danish krone is not, however, a solution to the one outstanding problem in the Danish economy. The interest of Denmark's foreign debt is of the same magnitude (DKr 23bn) as the balance of payments deficit. This means that a devaluation of say 5 per cent would for sure worsen the foreign deficit with the same amount immediately and would, due to the high import quota in Danish industrial exports, require a 3-4 per cent increase in Danish exports before break even.

Due to the government's success in creating jobs in the private sector, there are shortages of labour in certain sectors of the labour market. Male unemployment is below the 5 per cent mark.

The additional activity and jobs which the export sector hopefully would bring as a result of a devaluation, would create more bottlenecks in the labour market. This would make it more difficult to keep inflationary pressures in check, which for the government is extremely important right now since the bi-annual wage negotiations have just started. These negotiations regulate wages for about half the Danes.

Unfortunately for the Danes, the only way ahead is more fiscal austerity so that the purchase power reduction will diminish the Danes' appetite for imports. Luckily there are signs that this is happening already.

Birger Jarulf
Binzenmatt 5
6314 Unteraegeri
Switzerland

Flaws in City self-regulation

From Mr George Robertson, Labour MP for Hamilton

Sir,—Lex (August 23) lets Guinness off the same hook on which it so effectively impaled the company when the original decision to break a class one listed document commitment was made public.

I do not believe that the damage done by the Guinness example to the idea of self-regulation should be underestimated. Apart from the question mark over the future word of Mr Saunders, there are far graver implications.

In a letter to me on the subject last month, the Director General of Fair Trading said this: "The position of a bidder, faced with a situation in which its expressed proposals would seem to be inappropriate once the merger has taken place and a better understanding of the circumstances of the target company is achieved, is a difficult one that may not be catered for within the present understanding of the City's self-regulation provisions."

There is, therefore, a major and significant flaw in what can now be billion pound deals and on which even promises made in class one circulars cannot be trusted—and if that is not a matter for genuine and real concern then I cannot imagine what is.

After a cosmetic repair job and a feeble and wholly inadequate explanation for its outrageous behaviour, Guinness is apparently off the hook because nobody knows what to do about conduct which all parties to the self-regulation facade acknowledge to be beyond the pale.

Guinness PLC may have finally blown the gaffe on the idea of the City policing the City, and that would be one minor cause for satisfaction in a grimy and distasteful episode.

George Robertson MP.
House of Commons,
Westminster SW1.

Time zone advantages

From Mr John Locke

Sir,—I note from your article regarding London's pre-eminence as a foreign exchange trading centre (August 20) that one reason is "a time zone which overlaps with both the Far East and North America."

There is a nine-hour time difference between London and Tokyo, five hours between London and New York and 10 between New York and Tokyo. London is therefore not significantly better placed in relation to Tokyo and New York than is the latter in relation to London and Tokyo.

Best placed of all is Tokyo, being almost exactly halfway between New York and London.

John E. Locke,
101 High Kingsdown,
Bristol.

Revising tax legislation

From Mr J. G. Ruddock

Sir,—To support Mr D. Tallon's letter (August 19) I would have thought in this day and age with the multiplicity of word processors and computers about, revision of legislation could be done by repealing and replacement of whole Sections, Parts, or even Acts without having the legislation for taxes getting longer every year giving so many different places to look up for one subject.

J. G. Ruddock.
Partner,
Hodgson Impey,
Richmond House,
48 Bromyard Road,
Worcester.

The tide of imports

From Mr P. Ingram

Sir,—Your editorial on the latest quarterly review by the National Institute for Economic and Social Research (August 21) did not go far enough to counter the near fatalistic tone of the review. Judging from your report, the NIESR has failed to take sufficient account of import substitution in assessing the improvements for manufacturing industry from a weaker £.

The decline of UK industry, particularly over the last seven years, has been due more to import penetration than loss of exports. As an example, look at the UK paper and printing industries.

Paper ('000 tonnes)

	1984	1977
Production	3,591	4,083
Imports	4,528	3,169
Exports	533	339
Consumption	7,586	6,913

Source: British Paper & Board Industry Federation

In the last seven years, paper imports have not only taken all market growth of 673,000 tonnes but also displaced 492,000 tonnes of UK manufactured paper. UK paper mills however have increased exports by 194,000 tonnes.

Printing ('000 tonnes)

	1984	1977
Production	1,964	1,348
Imports	266	105
Exports	175	164
Consumption	2,055	1,289

Source: Paper Market Digest.

It is in the nature of printed products that the vast proportion will be produced domestically. Some products, however, usually bulk items, are susceptible to international competition and in this sector the impact of a strong £ has been similar to that on paper. In the seven years to 1984, imports rose by 161,000 tonnes but exports managed only a modest rise of 11,000 tonnes.

What is evident from available data for 1985 and the first half of 1986 is that the papermakers have already started to reverse the tide of imports and printers are at last calling a halt to import penetration.

The basic issue is that the main damage to British industry from a strong £ has been a surge in imports. On the evidence now emerging from the paper and printing sectors, this trade can be won back by industries who have invested in new and more competitive capacity. The NIESR should give further consideration to the potential to win back domestic business which is bound to occur more quickly and in larger volume than any improvement to export performance.

Peter D. J. Ingram,
Paper Management Services,
10 High Street,
Kings Langley, Herts.

FINANCIAL TIMES
Thursday August 28 1986

Frontier Airlines expected to file for protection

By Paul Taylor in New York

PEOPLE EXPRESS, the financially troubled US airline, said yesterday that it had failed to find an alternative buyer for its Frontier Airlines subsidiary. Frontier was expected shortly to file for protection from its creditors under Chapter 11 of the US bankruptcy code.

People Express had been counting on selling Denver-based Frontier to United Airlines for $146m to help to solve its short-term cash problems. The sale to United has been thrown into jeopardy, however, by the refusal of the pilots' union to agree to a new wage contract.

Frontier's pilots have been demanding wage parity with United's pilots within two years but United has said that it was willing to phase in equivalent wage rates only over five years.

The contract dispute forced People Express to ground Frontier earlier this week.

People Express' board held a telephone conference meeting late on Tuesday night "to explore a couple of avenues" regarding the sale of Frontier to United or other bidders, but "the other alternatives did not pan out."

People Express did not elaborate on the other options, but both Delta Air Lines and American Airlines are widely rumoured to have expressed interest in acquiring some Frontier assets. Analysts also speculated that Texas Air might be interested in acquiring Frontier.

The apparent collapse of these attempts to find an alternative buyer appears to increase the prospect that Frontier will have to file for protection.

Boeing set to win $1.5bn Awacs order from France

BY DAVID HOUSEGO IN PARIS

BOEING of the US yesterday appeared on the verge of winning vital French Government approval for the sale of three of its airborne warning and control system (Awacs) aircraft. The sale, if given final approval, would be worth $1.5bn.

The move towards Boeing depends on final French Government approval. French officials confirmed yesterday that the Government had decided to proceed with the procurement of an airborne early warning system but declined to confirm that this would be bought from Boeing.

Paris is reluctant to weaken its hand in negotiations with Boeing, with whom it has strong and long-standing commercial ties. It is also anxious to make a joint purchase with the UK that would lower the cost of the Awacs.

The British Government has given GEC of the UK a postponed deadline of October 1 to put forward proposals for an airborne early warning system using its Nimrod technology. If that failed to be satisfactory, the British would be in the market for an alternative system.

US officials said yesterday that there were now "encouraging" signs that France would purchase the three US-built aircraft. French administrations have long expressed interest in buying an early warning system to give land surveillance on France's eastern frontiers, but it was only last month that the necessary funds were allocated in the budget. Next year's defence budget is to rise by 7 per cent, while government expenditure overall is being held to under 2 per cent. The increase includes funds for the early warning aircraft.

Another sign of closer US ties in weapons procurement is the encouragement that Paris is giving to Dassault, the French aircraft group, to explore a production link for its Rafale fighter with Northrop or other US companies. The Government does not believe that Dassault – which has no role in the European advanced fighter consortium – can cover its costs on the basis of sales of the Rafale to the French airforce and on exports.

The possibilities of a Dassault-Northrop link were raised by Mr Andre Giraud, the French Defence Minister, on his recent visit to the US. It comes in the context of an increasing French emphasis on co-operation in production – both with the US and other European partners – to offset rising equipment and research costs.

Both companies have problems in developing outlets for advanced fighter aircraft. Northrop has been unable to sell its F-20 Tigershark in the US or elsewhere.

The major obstacle to any co-operation on an advanced fighter aircraft are US restrictions on transfer of technology in the event of export orders.

Moscow dismisses senior economic official

By Patrick Cockburn in Moscow

THE Soviet Union has removed Mr Nikolai Glushkov, chairman of the State Committee for Prices and one of the country's most important economic officials, whose refusal to consider significant price changes has been an important obstacle to economic reform.

Central control of nearly all Soviet wholesale and retail prices by Mr Glushkov's committee has prevented implementation of plans to give enterprises greater financial and managerial autonomy.

Mr Glushkov, aged 67, had held his job since 1975 but came under attack in the press this year. His committee was also criticised by Mr Mikhail Gorbachev, the Soviet leader, in his address to the Communist Party Congress in February. Mr Glushkov's persistent and vocal resistance to price changes indicated that he had support from the ruling Politburo.

The new chairman of the committee is Mr V.S. Pavlov, previously number two at the Finance Ministry. His attitude to price changes is unknown but it is unlikely that Moscow will be able to introduce radical changes throughout the price structure without changing the 1986-90 five year plan, which is already under way.

The price of essential foodstuffs, housing and transport are pegged at low levels in the Soviet Union. The retail price of bread, sugar and vegetable oil were fixed in 1955 and meat and dairy products in 1962. Meat costs 1.90 roubles ($2.87) to buy but the procurement cost to the government is 5 roubles. Bus, tram and metro tickets for a journey of any distance in Moscow is 5 kopeks although the price to the state is 10 kopeks.

An increase in the price of sausage meat over the last month has led to widespread rumours among shoppers in Moscow that the prices of other foodstuffs, such as sugar, are to be raised. But given that the average industrial wage is 195 roubles a month, Mr Gorbachev will be averse to raising the cost of living.

Under Mr Gorbachev, the burden of consumer price increases fell on non-essential goods such as furniture or cars. The latter were set according to demand and some 11m Soviet private car owners have paid 6,000 to 7,000 roubles to buy their car.

Present Soviet wholesale prices were established in 1982 with some amendments added in 1985 and are due to run until 1990. Price differences between good and poor quality goods are established centrally, rather than through the market.

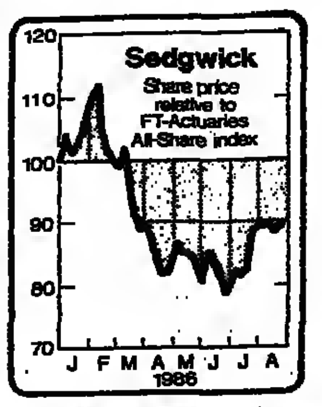
Although Mr Gorbachev does not yet have a clear-cut policy on prices, much greater responsiveness to consumer demand is likely to be shown in future in determining the price of non-essential consumer and light industrial goods. The cost of basic foodstuffs and heavy industrial products will still be determined in Moscow.

THE LEX COLUMN

Sedgwick goes for broker

There seems to be a corporate fashion to pay high prices for strategic acquisitions. But when these deals translate into earnings dilution investors are understandably less than thrilled. Sedgwick is trying the patience of its shareholders with a £186m rights issue to finance in part the £207m purchase of Crump. The shares have not recovered from the £540m acquisition of James a year ago, and slipped 27p to 345p yesterday. Sedgwick is paying 28 times historic earnings (on the more flattering UK accounting method) for Crump by issuing paper with a 1985 p/e of 16. It does not help when Sedgwick argues that the rights issue preserves shareholders' pre-emptive rights but at the same time suggests that an ADR issue is likely. And with openly stated dreams of world insurance broking domination, Sedgwick is clearly not going to stop at Crump.

Having said that, however, Crump looks a good business which is doing well from the current strong upswing in the US insurance cycle. Dilution to Sedgwick's 1987 earnings may prove to be only around 5 per cent when they are eventually announced in 1988. While shareholders are waiting for that to come through Sedgwick's own business is making more from the rises in premiums in the US than it is losing through capacity shortages. Interim profits up from £78.1m to £92.6m must owe something to James, though Sedgwick will not say how much. But with only a 9 per cent dividend rise this year and an earnings fall next year to look forward to, the shares look doomed to be dull.



TSB pathfinder

Estimates of the size and effect of popular demand for TSB shares recall theories on the impact on the tides if everyone in China simultaneously jumped up and down. The latest hand-rubbing statistic from the TSB implies that if everyone who has expressed an interest in the shares were to apply for only the minimum £200 worth, then the popular vote would amount to £2.6bn. It is increasingly probable that the after-market in the shares will be meat and drink to the stags as institutions attempt to get a proper weighting in the shares and the sector.

The pathfinder prospectus suggests that TSB could well become one of the most sought after chips in the banking sector. Unlike the other clearers, TSB's fixed rate assets exceed its fixed rate liabilities, so that it is a positive beneficiary of falling interest rates. An added bonus is the complete absence on its books of bad foreign or energy related loans. If this encourages the financial advisers to sell the shares on the multiple of the Scottish clearers then the offer proceeds will be about £1.25bn. It remains less than clear what TSB will do with the funds which initially will reduce return on capital by about 7 percentage points, and produce a free capital ratio more than twice the clearers' average. Estate agencies seems to be the most likely first target: the fear is that TSB's embarrassment of riches will lead to the payment of premium prices in an already overheated market.

Building materials

GKN only had to produce a record set of interim figures to knock the engineering sector sideways; but building analysts are obviously a more phlegmatic bunch. For all the different accounting layers to be unwrapped, yesterday's figures from Blue Circle and Marley are plain awful. Even after merger accounting its Thermalite acquisition, and bunging in another three months for its overseas subsidiaries, Marley could advance only £2.2m (to £9.7m pre-tax) while Blue Circle was 16 per cent adrift (at £42.8m) despite a prudent switch to average exchange rates for translation purposes. Neither company could make much money in its home market, but nobody was crying doom to the UK construction sector. Blue Circle lost 18p, to 535p, but Marley actually advanced 4p to 122p.

Marley has been in such a ferment of change that last year's interims offer no comparison. Instead, Marley produced a record, if unaudited, seventh month to show which way the business is going. This may be profit deferred from the miserable spring, but order books seem to be saying that southern England, at least, is going into a mini-boom even before the electoral cycle gears up. Marley should make the £33m-odd it achieved in 1984; the General Shale acquisition in the US may have looked expensive, but profits are sheltered for a couple of years by tax losses and maximised by UK financing.

Blue Circle will have difficulty matching last year's £117m but its monster US acquisitions no longer look at all expensive: it has built itself just the sort of strong base, with the additional flexibility of Mexican imports, that might come in handy in the UK if the cartel broke down and everybody imported from Greece. However much Greek cement actually pours out of the floating Trojan Horses at Tilbury and Liverpool, the chances of a price rise are slim to zero and Blue Circle will be earning its keep at home chiefly from eliminating the starting costs of its new kilns and, possibly, cheaper coal.

Brierley/Ocean

Mr Ron Brierley's offer for Ocean Transport and Trading yesterday was so clearly inadequate in amount – as well as in its fidelity to the take-over code – that it is hard to take it seriously. A 225p offer above an opening share price of 218p is not likely to draw much support in this market. The argument that without Mr Brierley's presence Ocean's price would be lower does not give fair credit to the efforts Ocean has made so far to sort itself out. The idea that Ocean will fit together with Toner Kensley & Millborn needs some explaining. And the suggestion that Ocean shareholders need a cash offer from Mr Brierley in order to spurn Ocean's supposed purchase of Hargreaves is far-fetched.

It is more tempting to see the bid as the first move in a game played by Australian rules, in which case Ocean may not even be the real target. If Mr Brierley is not to make a sensible offer of Ocean, he is doing the shareholders no good in adding to its management's problems.

Farm nations form alliance to fight US and EEC subsidies

BY RICHARD HUBBARD IN CANBERRA AND ANDREW GOWERS IN LONDON

A NEW alliance of agricultural producing nations pledged yesterday to use the imminent round of world trade negotiations to combat US and EEC farm policies which, they say, are seriously damaging their economies.

Fourteen countries, accounting for 23 per cent of world agricultural exports, pledged in the so-called "Cairns declaration" – named after the Australian holiday resort where their trade ministers were meeting – to fight for the complete abolition of farm export subsidies.

They intend to make sure that the issue tops the agenda when trade ministers from 92 member-countries of the General Agreement on Tariffs and Trade (Gatt) meet next month in Punta del Este, Uruguay.

Their statement comes against the background of a worsening export subsidy battle between the US and the EEC in the world grain market.

Australia, Canada and Argentina – the other three main exporters of wheat – have complained that this is likely to cost them billions of dollars in lost sales and endanger political and economic stability. US efforts to regain lost markets in other products pose a serious threat to countries ranging from Thailand to Brazil.

The Cairns declaration goes considerably further in condemning farm export subsidies than draft statements discussed within the Gatt so far. Signatories want the Gatt to give agriculture, which has so far been largely outside the organisation's disciplines, equal status to trade in manufactured goods.

The statement is bound to put further pressure on the EEC to allow discussion of the Common Agricultural Policy and its export subsidies in the new trade round. At the instigation of France, the Community has so far blocked the inclusion of these issues on the agenda.

By contrast, yesterday's statement formally acknowledged that it is the aim of the US "to phase out all export subsidies affecting agriculture."

"This marks the establishment of a new alliance to promote a better deal for all our farmers in the countries represented here," said Mr John Dawkins, Australia's Trade Minister.

The Cairns declaration commits signatories to "seek the removal of market access barriers, substantial reduction in agricultural subsidies and the elimination, within an agreed period, of subsidies affecting agricultural trade."

It adds that the 14 nations, which have agreed to meet again before the Gatt talks start, would "seriously question" the value of a new round that failed to address these issues.

Apart from those mentioned, other countries represented at Cairns included: Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines and Uruguay.

US/EEC trade battle, Page 4

Institutions approach Fermenta

Continued from Page 1

Fermenta management and served Montedison solely in the position of consultant.

The Fermenta workforce has instead called on Montedison to take only a minority holding and has called on Mr El-Sayed to retain leadership of the company, fuelling his apparent reluctance to surrender control.

Mr Kjell Brandstrom, managing director of Industrivarden, one of the investment companies in the newly-formed consortium, said last night: "If the Montedison deal does not go through, we are prepared to form a consortium to stabilise the ownership in Fermenta, which is now very vulnerable. It is not a competing bid to Montedison."

Both Beijer and Industrivarden are already significant shareholders in Fermenta.

The company has gone through a turbulent period following the collapse of an earlier planned deal in which Volvo was to have taken a 20 to 25 per cent holding in Fermenta.

As a result of the breakdown of the Volvo deal Mr El-Sayed accumulated personal debts in the region of SKr 1.4bn ($202m). Repayment of part of these debts – some SKr 500m of the debt is owed to Industrivarden – is due in December and Mr El-Sayed is coming under increasing pressure to find a buyer for all or part of his stake in Fermenta.

Since last Monday, trading in the company's shares has been suspended on the Stockholm stock exchange because of the mounting confusion and uncertainty over future ownership.

Fermenta barely escaped expulsion from the stock market earlier this year and its conditional reprieve is adding further pressure on Mr El-Sayed to settle quickly the turbulence surrounding the concern.

Brierley plans £258m bid for Ocean Transport & Trading

BY TERRY POVEY IN LONDON

MR RON BRIERLEY, the New Zealand entrepreneur, yesterday announced plans to mount a £258m ($383m) bid for Ocean Transport & Trading, the shipping and fuel distribution group.

The statement form IEP (UK), an investment vehicle set up by Mr Brierley to pursue the bid, ended months of speculation about a possible major British bid move by the New Zealander.

OT&T, which has been sharply reducing its involvement in shipping, rejected the offer, describing it as "tactical manoeuvring" by Mr Brierley.

IEP said it intended to bid 225p a share, only 7p higher than Tuesday's closing price. OT&T shares rose 17p yesterday following the IEP statement to close at 235p.

Mr Brierley was adamant that the bid was not a spoiling tactic. "We are not out just to block what OT&T wants to do – but we are not enthusiastic over OT&T investment plans."

In particular, he said be bad learnt on Friday that OT&T was involved in discussions about a counter-bid for Hargreaves, the energy company for which Coalite had bid £80m.

Yesterday Mr Nicholas Barber, OT&T group managing director, confirmed there had been talks with Hargreaves. "We have a very keen interest in the situation," he said.

S.G. Warburg, OT&T's merchant bank advisers, rejected the offer from Mr Brierley as being only a littlehigher than the market level and "totally without merit."

The board of OT&T will not be deflected from continuing to act in the best interests of all shareholders by the tactical manoeuvring of IEP (UK)" they said.

The Takeover Panel made it clear yesterday it regarded the statement of intent to launch a bid as amounting to a formal bid.

Following a complaint from Warburg that essential information was lacking, it has told IEP to provide more details about the terms of its offer.

An IEP statement is expected today.

Lex, Page 14; News analysis, Page 18

Bonn acts to stem flow of refugees

Continued from Page 1

country will face stiffer punishment.

- Those already in West Germany who do not qualify for asylum will be barred from work for five years, instead of two years as at present.

Chancellor Kohl also confirmed that "important discussions" were in progress with East Germany, aimed at staunching the flow of refugees across the theoretically open city of Berlin into its Western sector. Of the 52,000 refugees who arrived in West Germany, in the first half of 1986, nearly 23,000 did so that way.

Bonn – and the three Western powers in Berlin – are convinced that East Germany is deliberately encouraging the influx, in order to force counter-measures from the West, which would imply de facto recognition of the city's division as a full-scale international frontier.

So far all attempts to reach an understanding with East Berlin have failed. But Mr Kohl flatly denied that Bonn had offered loans or other financial aid to East Germany in return for co-operation on the refugee issue.

The latest measures will, it is hoped, be accompanied by others to emerge from a special conference of party leaders and the Premiers of individual states convened by the Chancellor for September 25. This will deal with aspects of the problem for which the states, and not the federal Government, are responsible.

'Nuclear blast' at Chernobyl

Continued from Page 1

techniques to prevent rain at Chernobyl for a month, in order to aid decontamination operations.

The highly publicised bone marrow transplant operations on radiation victims appear to have served little purpose and, according to Soviet evidence, in some cases were counterproductive, because the most seriously irradiated victims were also badly burned by the fire.

A British antiviral drug, Acyclovir, featured importantly in the treatment.

There has been no Soviet mention of whether medical staff treating the victims became radioactive themselves. But British experts believe that this must have been the case.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	27	81	Dubrovnik	S	26	79	Malta	S	31	88	Rhodes	S	28	84
Algiers	S	33	91	Edinburgh	F	15	59	Manchester	F	14	57	Rio de J'o	C	27	81
Amsterdam	C	13	55	Faro	S	22	72	Manila	C	30	86	Rome	F	28	82
Athens	S	31	88	Florence	F	24	75	Melbourne	C	16	61	Salzburg	C	13	55
Bahrain	S	37	99	Frankfurt	R	23	73	Mexico City	C	24	75	San Francisco	C	21	70
Bangkok	S	33	91	Funchal	–	—	—	Miami	C	31	88	Seoul	C	22	72
Barcelona	F	24	75	Geneva	F	17	63	Milan	F	22	72	Singapore	F	28	82
Beirut	–	—	—	Gibraltar	S	28	82	Montreal	S	24	75	Stockholm	C	12	54
Belfast	C	14	57	Glasgow	F	14	57	Moscow	C	16	61	Strasbourg	C	16	61
Belgrade	S	29	84	Guernsey	F	14	57	Munich	C	14	57	Sydney	S	18	64
Berlin	C	19	66	Helsinki	F	16	61	Nairobi	C	22	72	Taipei	C	33	91
Biarritz	C	19	66	H Kong	S	33	91	Naples	F	29	84	Tangier	C	24	75
Bombay	F	29	84	Innsbruck	C	14	57	Nassau	S	34	93	Tel Aviv	S	30	86
Bordeaux	C	19	66	Inverness	F	14	57	New Delhi	S	32	90	Tenerife	S	25	77
Brussels	F	16	61	Islamabad	S	33	91	New York	C	26	79	Tokyo	S	31	88
Budapest	F	25	77	Istanbul	S	31	88	Nice	S	27	81	Toronto	C	26	79
B Aires	–	—	—	Jakarta	C	32	90	Nicosia	S	38	100	Tunis	S	33	91
Cairo	S	34	93	Jersey	C	16	61	Oporto	S	19	66	Valencia	F	27	81
Cape Town	C	15	59	Jo'burg	S	25	77	Oslo	R	9	48	Venice	C	23	73
Caracas	–	—	—	Lima	C	18	64	Paris	F	16	61	Vienna	R	16	61
Casablanca	–	—	—	Lisbon	S	23	73	Peking	S	31	88	Warsaw	S	20	68
Chicago	S	30	86	London	C	15	59	Prague	F	16	61	Washington	C	24	75
Cologne	C	15	59	Los Angeles	C	34	93	Reykjavik	S	10	50	Zurich	C	14	57
Copenhagen	C	17	63	Luxembourg	C	12	54								
Corfu	S	29	84	Madrid	S	25	77								
Dallas	S	24	75	Majorca	F	28	82								
Dublin	C	11	52	Malaga	–	—	—								

Readings at mid-day yesterday.
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

London opts for a touch of Chicago

BY ALEXANDER NICOLL IN LONDON

THE SWASHBUCKLING atmosphere of the Chicago trading pits could be about to invade the rather more staid floor of the London Stock Exchange.

The exchange's options development group, which oversees the rapidly growing traded options market, is drawing up plans to admit "locals" as members of the London exchange to trade options.

Locals are the backbone of the Chicago markets. They are individuals who, armed with nimble minds and thick-soled shoes, stand all day in the futures and options pits and try to make a living out of trading just for themselves. Some make their fortunes, others eventually begin new careers as cab drivers. All have over-strained vocal chords.

Exchanges like to attract locals because they provide a foundation of liquidity for the markets. They take on – perhaps for only minutes or even seconds – the risks that financial institutions, trading in the bond, stock or currency markets, want to lay off by trading futures and options.

Mr David Parry, chairman of the exchange's traded options committee, said yesterday that the proposals being drawn up would allow one-person firms to trade on the floor. These would be released from the responsibility member firms now have to be represented on the floor at all times.

Locals would not be allowed to trade in an agency role on behalf of other investors, and would have to have trades settled through a clearing member firm which would therefore monitor their positions. They would be given some incentives to trade, through reduced fees, as they are on other exchanges such as the London International Financial Futures Exchange (Liffe).

The plans would have to be approved by the options committee itself, as well as by the exchange's membership committee and ruling council. There could well be opposition from more traditional elements in the exchange and even from options market-makers themselves, who may feel they already provide the options market with adequate liquidity.

New Liffe contract, Page 7

The perils of paying for a pig in a poke

BY MICHAEL DIXON

"IT ALL depends on what you mean by . . ."

While those words probably mean little to most readers today, it was once impossible to go anywhere in Britain without hearing someone saying them. They became a national catch-phrase as a result of radio broadcasts made in the 1940s by the late Professor Joad.

The fact that the words are now largely forgotten is a pity. For they have an important bearing on an auction which has just begun in the UK and can be relied on to intensify as the general election approaches.

It is not the piffling kind of auction associated with Old Master paintings and such. Anyone seeking to cap a previous bill by less than £100m is unlikely to be heard. The reason is that the auction is about bow much taxpayers' money should be spent on expanding the student capacity of the UK's higher educational network of universities, polytechnics and other largely state-funded institutions.

The main bidders will of course be politicians hoping to win floating votes. But their calls will be variously backed and belittled by other folk with an interest in the topic.

Of two bids already made this month, the first was from a sideline interest—the Lloyds Bank Economic Bulletin. It called for an addition of £300m to the £600m a year provided for the grants with which degree-level students are supposed to cover their living costs while studying.

Then tha Social Democratic Party came in with £1bn extra a year for an all-round expansion of the network. The result would be e taxpayers' bill for higher educational teaching and administration, as distinct from research, of about £3.6bn annually.

Both the Lloyds Bank bulletin and the SDP claim not only that the extra money will produce a profitabie return to society at large, but also that unless higher educational spending is increased the UK will fall farther behind its economic competitors. The arguments pnt forward to support those claims, however, must have set Professor Joad spinning in bis grave protesting: "It all depends on what yon mean by . . ."

Take for a start the idea that, without extra outlay on universities and so on, Britain will lag farther behind its competitors. Here the two bidders' claims are pinned on the notion that in the UK, students receiving higher education represent only 14 per cent of the appropriate age group. That, asserts the Lloyds Bank bulletin, is low by international standards.

It all depends on what yon mean by "students" receiving higher education.

Different countries have different definitions of what constitutes a student. Some of the differences were spelt out in the report entitled "Excellence in Diversity," published in 1983 by the Society for Research into Higher Edncation (Guildford, Surrey GU2 5XH).

Whereas Britain counts a part-time student as but a fraction of a full-timer, for example, other nations count each alike as one. If the UK did the same and incloded Open University students, the report said, the usually cited percentage would go up by about a quarter — raising the two bidders' figure from 14 to 17.5 per cent.

More succeed

Then what do we mean by "receiving" higher education? Does that cover all who show up on courses, or only those who gain degrees or what are variously deemed eqnivalents at the end of their studies?

While fewer people may enter the race in the UK, the proportion who complete it successfully is higher than in most other countries.

Then what do we mean by "higher education"?

The courses which go on under that title vary from country to country in length, concentration, content, method, and almost certainly also in the objective level of attainment required to gain what may be nominally an equivalent award.

Aa one example, let's take Japan whose "25 per cent" of appropriately aged people in degree-level edocation is often cited as a target for Britain to aspire to.

Few if any of the Japanese students are on the concentrated single-subject kind of courses which constitute the bulk of degree studies in the UK, largely lasting for three years. While some Japanese courses are only two years in duration, most continue for four. Bnt they are of the American pattern, with the first two years usually spent on fairly broad studies followed by concentration on a major subject in the final two.

In addition the spread of subjects in which Japan's four-year students major is different from the pattern of more academically specialised studies taken by Britain's three-year undergraduates.

For instance, over there the proportion majoring in engineering and technology — at which Japan's economic performance seems better than the UK's—is about 23 per cent. Here the proportion who gained degrees in the same subject classification in 1985 was 16 per cent. If we deduct those who promptly departed overseas, tha figure falls to 15 per cent.

A further problem arises with subject classification. It is true that certain courses in Japan and in Britain go under the same name, such as engineering But that does not mean the content of what is tsught in them is the same. There is evidence that in Japan, as in West Germany, engineering courses put more emphasis on practical as distinct from theoretical learning than is usual in the nominally equivalent courses in the UK.

In view of such differences, the fact that a complex of activity is called higher education does not mean that more spending on it will improve economic performance. The only sure conclusion seems to be the comment made by one of the foremost anthorities on the topic —Professor Fritz Machlup* of Princeton University, who died in 1983:

"Whether incremental expenditures for education will contribute to productivity will depend on what is taught and bow, to whom and at what levels, in what proportions and under what conditions."

To judge by the observable economic effects of what has gone on under the title higher education in the UK to date, it appears doubtful that the country's competitiveness will be strengthened by paying extra to have more of largely the same thing go on in future.

That is not to say the value of edncation is confined to economic returns. Almost everyone believes there are other benefits not measurable in money.

But if—as seems probable—the UK's economy is not strengthened by extra spending on our higher education, then increasing its fonding will necessarily redoce the funds available for spending on other activities which might improve economic strength. In which case the nation's wealth could well decline as it becomes more highly educated.

Which again resurrects Professor Joad, and a question that once confronted him in an examination: Can a good man be happy on the rack? He answered: "Yes, provided be is a very good man and it is a very poor rack."

It might be that Joad's reply seems unnecessarily cynical to some people. But I doubt that anyone would claim that the prospect of happiness could be increased by making the man poorer and—to the extent that poverty is painful—the rack better.

**Knowledge: its creation, distribution, ond economic significance, Vol. III. Princeton University Press, 1984. £41.70.*

HEAD OF CORPORATE FINANCE

c. £40,000 + benefits **City**

The rapid progress being made by TSB England & Wales plc affords the ideal opportunity to diversify and strengthen all aspects of the Bank's activities. In no other area is this more true than in the field of commercial lending, covering not only the origination of policy but also the development, direction and control of an active programme of commercial lending for TSB England & Wales plc.

A Head of Corporate Finance, reporting directly to the General Manager – Corporate Sector is now sought to control and develop the department responsible for both wholesale and retail lending. The duties will be varied, interesting and demanding covering for example, direct client contact, credit analysis, negotiation of lending parameters, development of new services, training of staff and directing marketing initiatives.

The Bank therefore seeks an experienced commercial banker to be involved in the overall progress of a planned lending strategy. There will be considerable involvement in policy development and implementation, together with control and motivation of staff in the lending area.

A broadly based background is therefore required, including substantial domestic lending experience, together with a wide range of commercial and banking contacts necessary for the promotion of this range of the Bank's services. Some experience of international capital markets would also be advantageous.

If you feel that you possess the necessary experience and personal skills required for this challenging opportunity then write enclosing a full curriculum vitae, including details of present remuneration, to:

H. B. Nichol,
Personnel Controller,
TSB England & Wales plc,
Administration Centre,
100 Lower Thames Street,
London EC3R 6AQ

to arrive not later than 16th September 1986. Please note, candidates who have applied for similar positions in the corporate sector in the last twelve months will be considered and need not re-apply.

TSB BANK

Harrison & Willis

BERMUDA

$30,000 tax free

An incredible opportunity for a young qualified accountant to join this specialist Risk Management firm in the demanding role of **Assistant Vice-President.**

Candidates will be ACA/ACCA aged 24-28, single and consider themselves outgoing with a "work hard, play hard" approach. Some knowledge of Insurance business would be useful and accountancy skills are essential.

If you would like to discuss the possibility of working in a new and exciting environment contact **Michelle Ser** or **Graham Palfery-Smith** on **01-629 4463**, or write with career history to address below quoting Ref GJPS 340.

HARRISON & WILLIS LIMITED (Financial Recruitment Consultants), CARDINAL HOUSE, 39-40 ALBEMARLE ST., LONDON W1X 3FD. TELEPHONE: 01-629 4463.

Asset Finance

A Prime Career Opportunity

A rapidly expanding UK bank requires an Analyst to assist in developing its leasing and asset finance portfolio. This is an excellent opportunity to join a division which forms an important part of the bank's wide range of corporate facilities. Scope for career development is available within the division and the company philosophy ensures further openings for advancement within the broader corporate horizons.

Probably an accountant or graduate with, or studying for, IOB, you will have at least two years' experience in an asset finance environment and be familiar with the use of microcomputers.

Based in London, you will report to the Leasing and Asset Finance Manager and you will have a full involvement in all aspects of this business. You will be required to negotiate with a broad cross section of corporate and local authority clients, evaluating and submitting lease propositions. In addition, you will have regular liaison with other banks and financial institutions in respect of back-to-back deals and syndicated transactions.

The salary offered is to c£19,000 and applications should be sent to Charles Earp of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Tel: 01-404 5701.

Cripps, Sears

Portfolio Manager

International Private Bank

Citibank's Private Banking Group, located in Berkeley Square, London W1, provides a comprehensive range of banking and investment services to high net worth clients from every part of the world.

We are now looking to supplement the strength of this present team of investment professionals with an experienced portfolio manager.

Ideally, you will be a graduate with a good record of analytical and money management skills. These will preferably have been acquired in a fund management position where you have had at least three to five years experience in investing private client portfolios containing multicurrency bonds and international equities. Proven experience in Far East and Japanese equities will be a particular advantage.

This is an excellent opportunity to join a successful, expanding unit and the compensation package with the usual bank benefits will fully reflect your experience and qualifications.

Please write with personal and career details to Derek Froud, Personnel Officer, Citibank, 336 Strand, London WC2R 1LS.

CITIBANK

Outstanding Opportunity

Successful investment group seek fund manager for Europe/U.K. portfolio

Perpetual Unit Trust Management is one of the U.K.'s fastest growing unit trust managers. Controlled but rapid growth now creates an outstanding opportunity for a fund manager to work with the Investment Director in charge of U.K. and continental European portfolios.

The successful applicant will be currently working in fund management, have management experience and be able to demonstrate a record of success. We seek a professional who can contribute to our reputation for investment performance. The preferred age range is between 25 and 30.

Based in attractive period offices in Henley-on-Thames, the position would suit an individual who would enjoy the responsibility of working in a free environment with considerable scope for personal initiative.

Unit trusts are the principal activity of the company but a considerable rate of growth is anticipated in pension fund and private portfolio management.

Initial salary is negotiable and the overall remuneration package – including bonus and other normal benefits – will be attractive. It is anticipated that remuneration is unlikely to be problematic for the right applicant.

All applications will be treated in total confidence and should be sent to M Arbib, FCA, Chairman, Perpetual Unit Trust Management Ltd, 48 Hart Street, Henley-on-Thames, Oxon RG9 2AZ.

Perpetual
Member of the Unit Trust Association
Britain's Fast Growing Unit Trust Managers

BRANCH MANAGERS

Remuneration exceeding £50,000 + Unique Perks

Target Financial Consultants is the direct sales division of the rapidly expanding Target Group PLC. As a result of continuing growth we seek highly motivated *professionals to lead and develop new teams.*

Successful candidates will have proven track records and at least five years experience in the financial services sector. Additional requirements include first class communication and managerial skills.

This highly rewarding and challenging role offers excellent prospects for substantial capital gain as well as performance related remuneration.

Interested applicants should contact Mrs. Dagmar Lee or Stanley Jackson on 01-631 3194, or write to them in complete confidence at the address below:

TARGET
TARGET FINANCIAL CONSULTANTS

The TFC Partnership
1 Bedford Square, London, WC1B 3RA.

Phillips & Drew Corporate Services

Career opportunities

Phillips & Drew Projects and Financial Management is dedicated to innovation in the financial and property markets. It provides treasury management, real estate and money market services to a wide range of private and public sector clients. It is staffed by finance directors, company and local authority treasurers, bankers, accountants and property experts, as well as those trained in Phillips & Drew's traditional skills of stock and money-broking. If you have the relevant experience, perhaps gained in a dealing, banking or corporate treasury environment, and could contribute to this successful and expanding team, we should like to hear from you.

The salary, bonus and benefits package will be very attractive and those you would expect of a major financial institution.

For further details and an application form, please contact:-

Miss Deborah Harman,
Personnel Department,
Phillips & Drew,
120 Moorgate, London, EC2M 6XP

Phillips & Drew is a member of the Union Bank of Switzerland Group

Representative - Business Development

C. £20,000 plus Car **MANCHESTER**

Our client, a major Iotcrnational Bank currently undergoing considerable expansion within the UK seeks to recruit a banker for a newly-opened representative office in Manchester.

The successful candidate will be responsible for marketing a broad range of banking services to UK corporate clients, principally in the North of England aod Scotland and be capable of overseeing the credit function and day-to-day operations.

The ideal candidate will be a graduate io their early thirties and have gained extensive marketing experience wilhin an International nr Clearing Bank, preferably specialising in the UK corporate sector.

A competitive salary, company car and relocation allowance together with the usual hanking heoefits will be offered.

Interviews will be conducted in either Loodoo or Manchester, week commencing 1st September. Written applications inciuding a full curriculum vitae should be forwarded to:

The Managing Director
Emmerson Recruitment Associates
Bell Court House, 11 Blomfield Street, London EC2M 7QY

BANKING SELECTION
EMMERSON RECRUITMENT ASSOCIATES
01-638 2901

Packaging Engineer/ Technologist

A large, internationally respected design group, specialising in packaging design, require a young, experienced Packaging Engineer/Technologist to complete their production team.

The successful applicant would have direct contact with designers and clients and should have experience in all aspects of packaging from basic materials to final display with a full understanding of all printing techniques.

Experience in international packaging requirements, with particular reference to American packaging requirements, would be a major asset as we are expanding rapidly particularly into the latter market.

This is a senior position within the group and salary would be commensurate with position.

Write in total confidence to:
Box A0247, Financial Times, 10 Cannon Street, London EC4P 4BY

A main player in International Settlements wants you

Our client is one of the City's most respected names in International Securities. They already command a unique reputation in Global Equities Trading and are preparing for further growth of their business in the coming months.

At the heart of their operations, the expertise of support staff determines the accurate, efficient settlement of international transactions. Experience counts. Not just in-depth knowledge but breadth of understanding.

We are asking for a lot of expertise: individuals whose background covers broking, arbitrage and market making and who have experience in one or more of the following areas:

- North American Securities including ADR's
- Far East Securities
- European Securities
- South African Securities

In recognition of the key role you will play, our client is prepared to negotiate a highly attractive salary with an excellent range of benefits.

Please send written applications, quoting reference: 4429, to: Moxon Dolphin & Kerby Ltd., 178-202 Great Portland Street, London W1N 6JJ. Please state in a covering letter any companies to whom your application should not be sent.

MOXON DOLPHIN & KERBY LTD EXECUTIVE SEARCH & SELECTION

Accountancy Appointments

Appointments on Wednesday?

From WEDNESDAY, SEPTEMBER 10, the GENERAL APPOINTMENTS section will appear on Wednesdays ACCOUNTANCY APPOINTMENTS will continue to appear every Thursday as usual

The reorganisation of the Appointments Pages will enable the Financial Times to offer a substantially improved service to recruitment advertisers and their audience.

Copy deadlines for the Appointments pages are 3 pm on Friday of the week preceding publication for Wednesday and remain unchanged for publication on Thursday.

For more information contact:
Louise Hunter on 01-248 8000, extension, 3588

Jane Liversidge on 01-248 8000, extension 4177

or Daniel Berry on 01-248 8000, extension 3456

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
LONDON · FRANKFURT · NEW YORK

Key Central Accounting Posts

West London

A major UK group with over 60 operating companies whose products and services are household names is seeking to strengthen its corporate headquarters accounting staff. The following vacancies arise in the company's highly professional central accounting team where new technology is being harnessed to meet the information needs of the Board and operating company management.

Assistant Group Accounting Manager (Ref: 5126/FT) c£22½K+car

Reporting to the Group Accounting Manager and assisting in the preparation and analysis of consolidated financial reports covering the organisation world wide. Applicants should be:

* qualified Chartered or Certified Accountants
* in the age range 26-35
* experienced in the assembly and review of performance reports and statutory accounting data in a large commercial or industrial organisation
* familiar with computer based accounting systems.

Senior Accountant (Ref: 5128/FT) up to £20K+car

Working in the Group Accounting Department you will assist in the preparation of consolidated and financial reports with key responsibility for the commentary on Board Reports and liaison with the Group Systems Department on accounting systems development. You will be:

* A qualified accountant with first class financial accounting skills and an aptitude for presenting accounting reports in graphic and narrative form
* in the age range 24-30
* Computer literate, preferably with systems implementation experience
* in possession of at least 2 years experience in industry preferably in the fmcg area.

Deputy Manager, Corporate Accounting (Ref: 5129/FT) c£22K+car

Reporting to the Manager, Corporate Accounting you will have day to day responsibility for the management of up to a dozen staff who are responsible for the corporate accounts of the parent company and over 100 registered companies, as well as accounting for corporate headquarters costs and the other service departments in the group. There will be significant involvement in the implementation of a new computer system. The successful candidate will be:

* a Chartered Accountant with at least 2 years post qualification experience or a Certified or Cost and Management Accountant with some staff management experience
* in the age range 24-30
* an accounting purist with good systems experience.

The vacancies are in a challenging and lively environment and each could lead to a significant career move within 2/3 years. Write, in confidence, quoting the appropriate *reference number,* to John Gregory, J. C. & P. Selection Consultants, 356 Silbury Boulevard, Central Milton Keynes MK9 2LR. Both men and women may apply.

JC&P
London, Milton Keynes and Northwich
John Courtis and Partners

AUDIT PROFESSIONALS

London Calling

Here at Arthur Young in London ours is a story of continuing success, of positive business development and of greater investment in our most important asset – people.

Ours is an environment where the successful professional can flourish, where individuality is encouraged and where astute business acumen and good ideas are backed with management commitment.

Audit Seniors/Audit Managers

Our London based audit department is looking for a number of key individuals to further strengthen our professional team. On offer you'll find market leading remuneration packages that include assistance with relocation, and even more importantly you'll find an enlightened progressive approach to career building that sees early advancement for young, accomplished professionals. So whether you're currently on assignment or contract; in practice or in industry, now is the time to find out more about a career with Arthur Young.

Your first stop is to forward full personal and career details to: **Nigel Wild, Personnel Resourcing Manager, Arthur Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.** Alternatively if you plan on being in the UK over the next few months call **Nigel Wild** in London on **01-831 7130, Telefax: 01-405 2147, Telex: 888604.**

Arthur Young
Your *next* good idea

Financial Controller

RETAILING

London **c£24,000+Car**

Our client has an international reputation, is market leader in the UK and has a name which is synonymous with its specialist sector of retailing. In turn, it is a strategically important part of its parent Group — a major plc — who are planning to expand their operations significantly.

A young, ambitious finance executive is now sought who will report to the Chief Executive and assume full responsibility for the finance function including statutory and management accounts. Key responsibilities will be the timely reporting to senior management both within the Company and at Group level, budgeting, and the introduction of new financial systems to handle the forthcoming growth.

Candidates, male or female, must be qualified accountants, preferably graduates and aged in their late 20's. Whilst knowledge of retailing is a considerable advantage, strong management accounting and systems experience are more important. An essential quality will be the desire to prove themselves in an ideal first management appointment, challenging in itself, and with outstanding career prospects in one of the most successful retailing Groups.

In addition to a basic salary of c£24,000 the attractive remuneration package includes a car, bonus, and other benefits normally associated with a major Group.

Please reply in complete confidence, enclosing full career details, to M P Hann, Bull Thompson and Associates Ltd., 63 St Martin's Lane, London WC2N 4JX, quoting Ref No 1156.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

CHIEF ACCOUNTANT

27-35 **Central London** **£22,500 + car**

A Chief Accountant is required by a successful company with a turnover approaching £8 million retailing computers to commercial users. The company *is a subsidiary of a substantial diversified group.*

Reporting to the Managing Director the Chief Accountant will be responsible for the efficient running of the accounts department, the design and installation of systems, giving priority to establishing a stock control system, cash flow, credit control, budgetary control systems, the production of monthly management information and annual accounts.

Applicants, preferably in the age range 27 to 35 must be qualified accountants with several years *commercial experience. Computer knowledge* is mandatory and previous involvement in a retail company would be an advantage.

Salary is negotiable to £22,500 and there are attractive fringe benefits including a car.

Please send a comprehensive career résumé, including salary history and daytime telephone number, quoting ref: 2698 to W.L. Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Financial Controller/Company Secretary

circa £20,000 pa+car

We are the U.K. subsidiary of an international company selling sophisticated domestic appliances.

We seek a young accountant (25-35) to take complete charge of the finance and administration function for the head office and regional sales branches. Candidates will also be responsible for the computer system and for managing the small head office team including the consumer finance section. As the most senior financial person you will take an active part in the management of the company. This position will suit candidates identifying with a smaller company/service sector background.

Please send your curriculum vitae (marked private), details of present remuneration and daytime telephone number to:

Financial Controller
VORWERK (U.K.) LTD
Unit A, Toutley Road, Wokingham, Berkshire RG11 5QN

FINANCIAL CONTROLLER

SOFTWARE HOUSE

S.W. London/Surrey **c.£25,000 + car**

Our client is the newly-formed UK subsidiary of an established US software house.

As a key member of the management team the financial controller will initially be responsible for establishing the finance, administration and secretarial functions of the company.

Applicants, aged around 30, must be qualified accountants with at least three years commercial experience. Familiarity with computer based accounting systems is essential and experience in the computer industry would be advantageous.

In addition to the basic salary there is an incentive bonus scheme, pension and associated fringe benefits.

Please send full career details to Mike Gostick, quoting reference F576G, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU. An early reply is essential.

E&W Ernst & Whinney

International Appointments

Our client, a subsidiary of a major British multinational manufacturing group wishes to appoint an

Administration Director

Pamplona **c Pts 7 million**

For their expanding Spanish operation. With 400 employees and a projected sales turnover of Pts 5,300 million for 1987, this newly created position offers a major career challenge for a professionally qualified accountant in an international business.

The role will require the successful candidate to direct the activities of the financial and administrative functions to ensure effective contributions to business planning, management control and profit performance within the established statutory framework.

The job holder will report to the Director and General Manager and the main emphasis of the role will be to improve the financial and management control in a manufacturing business with a high proportion of export sales. In addition the position controls, through reporting managers, the important functions of Material Procurement, Personnel Management and Systems Design.

For this position candidates will be up to 45 years of age, qualified accountants with experience in an international *business environment* and *fluent in both English and Spanish.*

Interested applicants should contact Jim Dick on 01-831 0431 or write, with c.v., to Michael Page International, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page International
Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

MAJOR BANK

Internal Audit Manager - International

SWITZERLAND

Our client, one of the top 20 banks in Switzerland, seeks a self-starting, motivated CPA, aged 30-36, with at least five years of relevant experience in the field of financial and operational audits of banks or similar financial institutions.

Reporting to the Chief Inspector, be will be in charge of planning, organising and leading the audits in the non-Swiss-based operations, mainly in North America, the U.K., in the Caribbean and in the related departments at the Head Office. Your integrity and high professional work standards are definitive musts. Full acquaintance with the U.S. accounting principles and familiarity with banking and S.E.C. regulations are required.

If you are interested in a professionally and financially rewarding position, based in Switzerland with good career opportunities, please submit your résumé in confidence to:

Personnel and Management Consultants Inc.
P.O. Box 315, 8030 Zurich, Switzerland
Tel: 00411 252 12 60

MANAGER AVIATION SPARES

Manager of aviation spares department sought for rapidly expanding company specialising in aviation brokerage and making a two-way *market in commercial/general/military* aviation spares in Europe, North America and the Third World. Company is a subsidiary of a leading international investment and merchant bank group providing diversified services including banking, trade financing, export trading and consulting. Applicant should have 5-10 years of relevant commercial aviation spares buying/selling experience, with emphasis on international transactions. Supervisory and aviation data systems experience required, with a proven record of dynamic performance. French and/or Portuguese language skills desirable. Compensation commensurate with experience plus incentive bonus for successful performance. Please send detailed CV in confidence to

EQUATOR AVIATION SERVICES
108 Charter Oak Avenue, Hartford, Connecticut 06106 USA
(ATTN: Laura Kavanagh)

EMPLOYMENT CONDITIONS ABROAD LIMITED
An international association of employers providing confidential information to its member companies relating to *employment of expatriates* and nationals worldwide
Anchor House, 15 Britten Street
London SW3 3TY
Tel: 01-351 7151

APPOINTMENTS ADVERTISING
£41 per single column centimetre and £12 per line
Premium positions will be charged £49 per single column centimetre
For further information, call:
Louise Hunter 01-248 4864
Jane Livesidge 01-248
Danie Berry 01-248 4782

General Appointments

TRAINEE BROKER

A vacancy has arisen for a Trainee Broker. The successful applicant will be about 25-35 years old, hard working and presentable. No previous experience necessary as full training given.

For a confidential interview Telephone Steve Young on 01-499 8400

for City openings in
Data Processing
Telephone 01-626 7295
grafton

SCOTTISH OPPORTUNITIES

We are currently handling the following vacancies for qualified accountants within industry in Edinburgh:

ASA

Accountancy Appointments

Accountancy Appointments

Opportunities for Accountants in new division

Central London up to £20,000

British Telecom's International Products Division has been recently set up to take over the group's activities in the development, manufacture and overseas marketing of new high technology telecommunications products.

This has led to the creation of two positions within the division's Central Finance Department, reporting to the Chief Accountant. These new posts provide a unique opportunity to make a major, immediate and highly visible contribution to the success of the business.

Financial Accountant up to £20,000

This is a highly challenging position and the responsibilities of the successful applicant will include:

- the preparation of all consolidated financial accounts for the division, which includes UK and overseas subsidiaries and
- setting up and developing financial accounting systems.

He/she will be a graduate Chartered Accountant, ideally aged 25-30, with experience of financial consolidation work and taxation on an international basis.

Management Accountant up to £17,000

This broad-ranging and stimulating position will cover:

- monitoring the performance of existing business
- advising on potential acquisitions and
- developing and improving management information systems.

He/she will be a graduate finalist or recently qualified member of a recognised accounting body (e.g. ACA, ACCA, ACMA). Experience of working in a commercial environment and familiarity with micro-computers are essential.

Please apply, in confidence, quoting reference 251/1 (F.A.) or 252/1 (M.A.) to Charles Barker MSL, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1143.

British TELECOM

Baring Securities Limited

Financial Accountant

London EC3

c£17,500 plus substantial bonus

Our client, a Member of the Stock Exchange, is an international security dealer specialising in Japanese equities and Euro-convertibles. The Company has grown rapidly in recent months and is now seeking to expand its activities into other markets, notably European equities.

This has created a new vacancy for an Accountant to join the Financial Controller's team and to be responsible for a range of important day to day activities. The emphasis is on implementing and supervising further controls over cash, trading and stock positions in order to provide more accurate and up-to-date management information. The volume of work and its complexity in the field of multi-currency operations is extremely challenging.

The appointment calls for a newly or recently qualified Accountant familiar with computers and ideally with some experience with a stockbroker or similar financial institution. The successful candidate will be personally energetic, professionally meticulous and motivated by corporate and personal prosperity.

There are excellent opportunities in this go-ahead young company where the management style is informal and the team are hard-working and friendly. A starting salary around £17,500 is proposed together with a substantial profit related bonus and BUPA contributions.

Applicants in their twenties should write with a cv and daytime telephone number quoting reference 1471 to:

BinderHamlyn MANAGEMENT CONSULTANTS

Trevor Austin, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

FINANCIAL ACCOUNTANT

SOUTHPORT
c. £20,000+CAR

We are a profitable private company with a £9m turnover, selling to livestock farmers both here and overseas.

Reporting to the Managing Director, the successful applicant will assume responsibilities for all accounting and management reporting activities.

Candidates must be commercially orientated, professionally qualified accountants in their mid/late thirties. As a key member of the management team they will be expected to contribute to the continued expansion of the Company. Both technical expertise and enthusiasm are vital.

Please write fully, in confidence, to:
Mr J. H. Sowler (Chairman)
Tithebarn Limited
PO Box 20, Tithebarn House
Weld Road, Southport
Merseyside PR8 2LY

International Role for Young CA/CCA/CMA
BUSINESS ANALYSIS & REVIEW

C. London + some w'wide travel c£20,000 + car + bonus

Our client is a successful U.S. multinational, leader in Information Services to specialist business sectors, whose continued growth is the result of innovations, acquisitions and geographic growth in the major markets of the world.

Based at the H.Q. of their International Communications Division, you will be a key member of a three-men finance team, headed by the Controller. Your free-ranging brief will include conducting business and financial reviews, acquisition and profitability studies, as well as involvement in a variety of problem-solving projects, and you may expect to spend up to 30% of your time out of UK visiting their worldwide subsidiary companies, working alongside and assisting senior management. You will also be responsible for divisional financial reporting and the developing of improved computerised systems.

A challenging financial management role for a young accountant (25-30) currently working either in the profession or in commerce, who, in addition to excellent personal qualities, can offer some relevant investigative, commercial or problem-solving experience.

For a detailed and confidential discussion call Neil Wax on 01-387 5400 (out of hours on 0923 43033) or write with full c.v. to:—

FINANCIAL SELECTION SERVICES

DRAYTON HOUSE, GORDON STREET, BLOOMSBURY, LONDON WC1H 0AN TELEPHONE: 01-387 5400

Finance Director

North West c.30,000+car

Our client is established as one of the top three Advertising Agencies in the North West, with billings in excess of £20m, and has developed an unrivalled creative reputation. In addition they operate several subsidiaries in related business areas, based in the North West and London. Expansion during the last five years has been exceptional and further growth is planned.

The company has now identified the need to appoint a Finance Director who will play a vital role in the development, expansion and diversification of the business, in addition to assuming overall responsibility for financial control and management information.

The successful candidate, aged 32-45, is likely to be a graduate Chartered Accountant with broad accounting experience gained in a dynamic working environment. Experience of advertising agencies would be an advantage, whilst previous experience in acquisitions and investigations is essential. He/she will have highly developed interpersonal skills and will be more than usually commercially aware.

Candidates who can demonstrate a pro-active approach and who can be seen to have the ability to develop a challenging role within this forward looking organisation should apply in confidence to Brian Marren, Douglas Llambias Associates, Brook House, 77 Fountain Street, Manchester M2 2EE or telephone 061-236 1553.

BROOK HOUSE,
77 FOUNTAIN STREET,
MANCHESTER M2 2EE.

DOUGLAS LLAMBIAS DLA
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

FINANCIAL DIRECTOR DESIGNATE

FOR

ADVERTISING & PROMOTIONAL GIFT COMPANY

c £30,000 pa + car + benefits

Located in Battersea we are an expanding company in a growth industry supplying advertising and promotional gifts to blue chip companies. Our turnover this year should be circa £4m and our objective is to double this in the following two years. We will be looking towards a U.S.M. listing within that time. It is our intention to move to 16,000 sq. ft. of modernised freehold premises, close to our existing premises, early next year which should provide ample space for these expansion plans.

We urgently require a Financial Director Designate capable of a major contribution towards this expansion. We currently employ 35 people but the Accounts Dept consists of 4 persons. The post would require that total responsibility be assumed to handle all financial planning, budgetary control, monthly management accounts and cash flows together with the implementation of general management functions. A complete reorganisation of the computerisation will be a priority.

The Profile of the most suitable candidate would be in keeping with the objective of the proposed Public flotation, a qualified accountant with drive and enthusiasm, age likely to be 30-40 years.

Send full C.V. to A. P. Cohen, Director, Incentive Group of Companies, 101-105 Plough Road, London, SW11 2BG.

Incentive Group of Companies Limited

MANAGEMENT ACCOUNTANT

Profitability and expansion both in the North Sea and internationally, typify ARCO British Limited, the highly successful subsidiary of one of the world's largest oil and gas companies. Company growth has created this opening for a talented and ambitious Management Accountant.

This role will make stimulating and accelerating demands on you to become an accomplished, adaptable generalist across a broad field of activities. Your responsibilities will include: the preparation of financial reports within strict deadlines for our British and Netherlands subsidiaries; annual operated joint venture budgets; our internal Company budget; management presentations; capital/profit/cash flow forecasting and performance analysis.

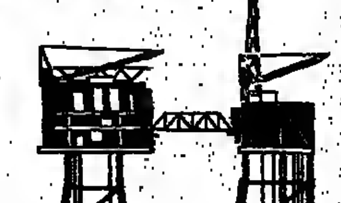
Aged 25-35, you are likely to be qualified with experience of the oil industry - and vitally your personality and expertise will enable you to develop your career with an expanding oil company.

In addition to a very competitive salary package you will enjoy substantial benefits which include a non-contributory pension scheme, life assurance, Company paid private patients scheme and relocation expenses if necessary.

For an application form telephone or write to: Julian Yates, ARCO British Ltd, ARCO House, 48 Grosvenor Street, London W1X 0AN. Telephone (01) 409 2466 ext. 200.

ARCO British Ltd., a highly successful subsidiary of Atlantic Richfield Company, is actively exploring and developing key areas in the North Sea. These involve 21 operated licences in the Southern Gas Basin including the Thames Gas Complex. In addition, we are involved in non-operating producing interests in the U.K. and the Netherlands, and have substantial holdings in Norway, notwithstanding large operations worldwide.

ARCO British Limited



FINANCIAL CONTROLLER

Up to £20,000+Benefits

A Chartered Accountant, aged 26-30, is required by a successful and expanding privately-owned group to manage the accounting function at one of its light engineering companies, based in North-West Kent.

The successful candidate will be experienced in preparing management information and statutory accounts to tight deadlines, will have a sound working knowledge of corporate taxation and be able to advise on financial matters generally. As part of a small professional management team the appointee must be self-motivated with a down-to-earth, practical personality. *Good prospects for board promotion.* This position reports to the managing director and encompasses the company secretarial function.

Please apply in writing, with full curriculum vitae, to:

G. Scotton, F.C.A.
FIRST OLYMPIAN SECURITIES LIMITED
Centre House, Victory Way, Heston
Middlesex TW5 9NS

MOTOR COMPONENTS DISTRIBUTOR
requires

QUALIFIED ACCOUNTANT

Aged under 35, *to take responsibility* for all aspects of company finance and accounts including development of computerised systems (I.B.M.).

Appointment initially will be Senior Accountant but prospects for promotion all the way to Board level are excellent for the right person willing to prove his/her ability.

The company, founded in 1979, is expanding and turnover exceeds £3.5m. Salary (negotiable according to age and experience) will be not less than £15,000 to start, with all usual fringe benefits.

Applications with complete curriculum vitae please to:

Robin Bourne
TRUST PARTS LTD
Unit 7, Groundwell Industrial Estate, Swindon SN2 5AY

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, BRISTOL, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Director

Mechanical & Electrical Equipment

South Cheshire c.£20,000, Car

Highly export orientated, this specialist engineering company with an annual turnover of £10m+ is part of a major British Group. As part of the Executive Management Team, and reporting to the Managing Director, this key role offers the opportunity of both controlling the financial affairs of the company and assisting in its future growth strategy. Key accountabilities will include financial and manufacturing systems development, export finance, contract negotiation and all accounting reporting and general administration. The demands of the position requires the talents and experience of a qualified accountant, aged 28-35, ACMA or ACA, preferably a graduate with several years relevant manufacturing exposure, essentially gained within an engineering environment. Experience of computerised systems is essential with a knowledge and involvement in the wider business areas being paramount to success. The international and commercial involvement of the role will ensure personal development. Opportunities and benefits within the Group are considered excellent.

G. Sable, Ref: 29689/FT. Male or female candidates should telephone in confidence for a Personal History *Form* 061-832 3500, Hoggett Bowers plc, *St. John's Court, 78 Gartside Street,* MANCHESTER, *M3 3EL.*

FINANCIAL CONTROLLER

For a private company situated 12 miles south east of London engaged in light industry. The initial task will be to develop cost and management accounting systems and instal a micro-computer. The successful candidate will ultimately take over from Financial Director on his retirement. Preference will be given to applicants with A.C.M.A. or similar qualifications aged around 30. Salary to be negotiated. Reply to:

Bernard Wheeler, 7 Wine Office Court, Fleet Street, London EC4A 3BY.

RISK MANAGER – EUROPE

INTERNATIONAL CREDIT AND INSURANCE MANAGEMENT

Eaton Limited is the UK subsidiary of the US multinational Eaton Corporation, a worldwide manufacturer of advanced technology products for automotive, electronics, defence and capital goods markets.

An exciting opportunity has arisen for a self motivated and professional manager to assume responsibility for:

- Development of practical and flexible Credit Management practices and procedures.
- Direction of optimal and cost effective Insurance Management programmes.

Both responsibilities cover all Eaton facilities in the UK and mainland Europe and therefore considerable travel will be necessary.

Applicants should be educated to degree level or possess a relevant professional qualification. Of equal importance is a keen business acumen and awareness gained through several years experience ideally in the field of international credit and collections or an associated discipline. The seniority of the position makes it unlikely that anyone under thirty years of age will have sufficient experience.

The position is based at our European Headquarters at Hounslow, and attracts a competitive salary and benefits package, including a company car. Assistance with relocation expenses will be given where appropriate.

Applicants (male or female) should forward a comprehensive curriculum vitae to:
Graham Barwell, Eaton Limited, Eaton House,
Staines Road, Hounslow, Middlesex TW4 5DX.
Telephone: 01-572 7057.

EATON

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday August 28 1986

BRANCHES CLOSE AND STAFF ARE AXED AS CRUZADO PLAN TAKES ITS TOLL

Profits plunge for most Brazilian banks

BY ANN CHARTERS IN SAO PAULO

BRAZILIAN bank profits, with a few exceptions, fell sharply in the first half of 1986 as banks adjusted to life under Brazil's Cruzado plan which de-indexed the economy from inflation rates running close to 500 per cent a year.

When the economic adjustments took effect on March 1, banks saw their considerable income from fund transfers dry up overnight while costs were no longer camouflaged by inflation.

To counter sharp drops in revenues, banks cut costs by closing branches, reducing personnel or lowering operating expenses. Most banks chose to charge off expenses related to the adjustment to the Cruzado plan in the first half, rather than defer charges over six reporting periods as central bank rules allow.

Because of the extraordinary charge-offs and the conversion of financial assets and liabilities to Cruzados, which eliminated correction for inflation, banks declined to publish comparative figures for previous periods. Revenues permitting, banks preferred to take expenses associated with the changeover in this period to lower their tax hill. Because the charge-offs are generally being taken in the first half, profits may improve in the second six months.

Itau, the country's second largest private banking and financial services conglomerate, reported consolidated after-tax earnings of Cz 761.8m ($55.2m) for the six months ended June. Expressed in dollar terms, earnings declined 14.3 per cent in real terms from the second half of 1985 and 19.9 per cent from the first half of last year.

Assets grew to Cz 103.2bn, up 21 per cent in dollar terms in the six-month period. The bank's operating results before tax were $118m, a decline of 28.2 per cent from the first half of 1985.

Cuts in personnel totalled more than 15,000 from March to the end of July

Banco Nacional, the third largest banking and financial group, closed 110 branches, leaving 473 in operation, and cut staffing by 25 per cent to 40,000. Unlike other banks, Nacional has chosen to defer its expenses associated with the Cruzado conversion over later reporting periods. The bank reported net profits of $7.4m. Total deposits grew 86.5 per cent in the six months to $1.3bn, while credit operations increased 55 per cent.

Banco Real, the fourth-ranking financial group, reported net profit of Cz 116.5m with operating results of $43m. Assets reached $1.9bn and sight deposits increased 293 per cent to June to $732m, or 72 per cent of total deposits.

Unibanco, the fifth largest financial services conglomerate, reported consolidated after-tax earnings of Cz 190.8m, a drop in real terms of 34 per cent over the same period last year and a decline of 54 per cent in real terms over the second half of 1985. Assets grew during the first six months to $2.7bn, an increase of 89 per cent. This was without discounting inflation, which ran close to 33 per cent in the first two months plus another 3.5 per ceot for tha four months under the Cruzado plan.

Banco Safra, sixth-ranked financial services group, reported a real increase of 58 per cent in after-tax earnings of Cz 661m compared to the last half of 1985. Assets grew 63.2 per cent in real terms to $2.3bn. Operating results were $60m before tax and adjustments for inflation.

Banco do Brasil, the country's largest government-controlled bank, reported pre-tax profits, before expenses connected with the Cruzado plan, of Cz 20.2bn, up 8.5 per cent over last year's second half. After-tax earnings were Cz 1.5hn with expenses incurred in the Cruzado conversion deducted. Assets reached $18.9bn.


Lawrence Rawl

Rawl to take over at Exxon

By Our New York Staff

MR LAWRENCE RAWL, aged 58, is to take over as chairman and chief executive of Exxon at the end of this year, succeeding Mr Clifton Garvin, who has headed the world's biggest oil company since 1975.

Mr Rawl, who joined Exxon as a petroleum engineer in 1952, took over as president of Exxon 15 months ago, and has been regarded as the natural successor to Mr Garvin. Mr Lee Raymond, aged 48, will take over as president of Exxon when Mr Rawl becomes chairman on January 1 1987.

Exxon, which has a strong balance sheet, has been able to ride out the collapse in world oil prices better than many of its rivals and its shares have been hitting new peaks in recent days. However, analysts believe that the company still needs to slim down its workforce.

Unlike Mr Garvin, who came to power in Exxon at a time when oil prices were soaring and oil companies were being criticised for making excess profits, Mr Rawl will take over at a time when the outlook for oil prices has never looked more uncertain and many companies are cutting back on oil exploration.

US clothes maker to raise $500m through share offer

BY WILLIAM HALL IN NEW YORK

MR WILLIAM Farley, a Chicago investor, is planning to raise more than $500m through a public stock offering of Farley Apparel, the successor of Northwest Industries, which he acquired last year in a $1.4bn leveraged buy-out financed almost entirely by debt.

Farley Apparel has filed a registration statement with the Securities and Exchange Commission covering the public sale of 30m of its class A common shares. It is currently estimated that the public offering, which is being conducted by Drexel Burnham Lambert and Merrill Lynch Capital Markets, will be priced in the range of $15¾ to $18¾.

Farley Apparel is the holding company for Farley Northwest Industries and is the largest manufacturer of men's and boy's underwear in the US. It also manufactures and markets women's and girl's underwear, screen print shorts and hosiery principally under the Fruit of the Loom, Bud, and Screen Stars brand names. The company is also a leading manufacturer of boots.

The offering is part of a capital restructuring and the net proceeds will be used to repay Farley/Northwest's existing term bank loan, to retire the companies' publicly held 7.5 per cent senior subordinated debentures and to redeem various other preferred stocks and debt securities.

South African feed group earns profit

By Our Johannesburg Correspondent

KANHYM, South Africa's largest feed-lot operator, has earned a pre-tax profit for the first time since 1982 despite a fall in the operating profit. But management is cautious on immediate trading prospects. Demand for red meat has fallen as consumers have switched to less expensive products and the trend is not expected to reverse in the foreseeable future.

Turnover increased to R237.7m ($61m) in the six months to June 30 from R222.7m in the first half of last year. Interim operating profits fell by two-fifths to R6.04m from R10.28m but a substantially lower interest bill led to a pre-tax profit of R403,000, against a loss of R10.86m last year.

In 1985 as a whole turnover totalled R461.6m, the operating profit was R17.17m and the pre-tax loss was R22.12m.

Gelco to restructure and retire debt

BY OUR NEW YORK STAFF

GELCO, the US company which controls the world's biggest container leasing and fleet leasing companies, yesterday unveiled a sweeping restructuring of the group and plans to retire up to $350m of unsecured debt.

The company, whose name is an abbreviation of the General Leasing Company, announced a series of measures to "enhance stockholder value and to achieve investment grade credit quality." These steps include a tender offer for up to 3m shares, or 23 per cent of the outstanding equity, the sale of four businesses and the omission of the common stock dividend.

Under the terms of the tender offer, a "Dutch auction" will be used to determine the purchase price. Shareholders will be able to tender their shares in a price range of $17–$20 per share. Gelco shares jumped by $3⅜ to $18½ yesterday following the announcement.

Gelco has had an erratic profit record in recent years and in the first nine months of its current financial year lost $3.2m on revenues of $772m.

Gelco plans to retire its $350m of unsecured corporate debt with the proceeds from the sale of Gelco Tip Trailer Leasing, Gelco Space, Gelco Express and the UK operations of Gelco Fleet Management Services.

After the disposals, which should take place over the next year, Gelco's major businesses will be Gelco fleet and Management Services, Gelco Truck Services, and Gelco CTI Container Services.

Oil slump hits Bank of Montreal

BANK OF MONTREAL, Canada's second largest banking group, reported net profits for the third quarter of C$88.3m (US$63m) or 89 cents a share, down from C$90.5m or 97 cents a share last time, writes Our Financial Staff.

This took nine-month earnings to C$271.8m or C$2.78 a share, an increase over last year's C$247.5m or C$2.67 a share.

The bank said results for the quarter were adversely affected by the impact of low oil prices and reflected "persisting weakness in the oil and gas sector."

The resulting loan loss provisions, together with the impact of foregone interest, reduced earnings for the three months by about C$20m after tax.

The third-quarter loan loss provision was raised to C$137.2m from last year's C$104.9m

Bank of Nova Scotia increased nine-month earnings to C$236.4m or C$1.36 a share from C$217.7m or C$1.31.

The bank increased its loan provision for the nine months to C$306.3m from C$224.2m the year before.

The increase was due partly to the general prudential provision for sovereign risk lending and the current value of the Canadian dollar against US currency, in which most of the bank's sovereign risk loans are denominated, it said.

Navistar to cut workforce

NAVISTAR International, the US truck company formerly known as International Harvester, plans to reduce its US marketing and administrative staff by 20 to 25 per cent, or 350 to 450 people, writes Our Financial Staff.

The company said it also planned to modify certain employee health benefit programmes, and that the two moves could save it $40m

Boardroom row breaks out over Seaco

BY OUR NEW YORK CORRESPONDENT

A ROW has broken out in the boardroom of Seaco, the cash-strapped US leisure conglomerate, whose interests range from the Orient Express, an up-market European railway excursion, to Harry's Bar, an exclusive London dining club, and the Turnberry Hotel in Scotland.

Mr Jim Sherwood, the 52-year-old American container leasing pioneer who heads Seaco as well as Sea Containers, the Bermuda container leasing company which owns Sealink British Ferries, has fallen out with Dillon Read, Seaco's New York investment bank, and Seaco's outside directors.

Dillon Read had been hired earlier this year to find a buyer for Seaco, which has run into serious financial problems partly because of the drop in US tourism to Europe and partly because of its inability to sell a fleet of lossmaking container ships which it inherited from an earlier stage in its corporate life.

Sea Containers, which has guaranteed $50m of Seaco's borrowings, and shares many of the same board members, had planned to bid for Seaco. But this plan was temporarily postponed while Dillon Read looked for another buyer.

Now Mr Sherwood, and an investment group controlling 21.9 per cent of the company, are seeking to sack the five non-management directors and Dillon Read. They say, in a filing with the US Securities and Exchange Commission, that they want to "obtain the power to direct or cause the direction of management in the policies of Seaco."

Neither side was saying anything yesterday but it appears that there has been a fundamental disagreement about what to do with Seaco, which last week announced a second-quarter loss of $19.8m.

INTERNATIONAL COMPANIES and FINANCE

Nick Garnett on the ambitions of the world's largest aluminium group

Alcan's quiet European assets sale

ALCAN ALUMINIUM of Canada, the world's largest aluminium company, has been quietly selling off some of its plants and other interests in Europe in a programme that will eventually generate around US$140m in cash.

The programme is designed partly to disengage from activities the company sees as offering it poor prospects. This summer, Alcan has announced it will sell five extrusion plants in Continental Europe to Norsk Hydro. The deal, which should be concluded towards the end of the year, is at the heart of its strategic thinking. The sale should generate about one-third of the money Alcan has been pulling together through asset disposals.

Alcan is also reshaping itself in Europe, using its cash to consolidate and expand its other interests in a strategy that will take the company through until at least the mid-1990s.

Mr Pat Rich, regional vice-president for Europe, says Alcan will by them have reduced its dependence in Europe on aluminium for 94 per cent of its turnover to no more than three-quarters. That will mean new investment and operating changes, mainly in the UK, West Germany, Spain and Italy.

Alcan is getting out of of extrusion operations in Continental Europe because, says Mr Rich, it does not hold a leading position and is finding it hard to make money in a crowded market. By contrast, its UK extrusion operations enjoy good markets for their specialist products.

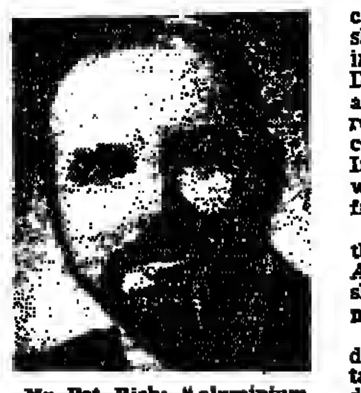
The company will attempt to consolidate its position as Europe's leading producer of rolled products by investing heavily in sheet production, where it is ahead of Pechiney of France in volume. "We'll defend that position to the hilt," says Mr Rich. It is in negotiations, for example, to purchase a 60.5 per cent stake in Trafilerie, a rolling plant near Milan, from Pechiney. This will be linked with Alcan's existing plant nearby at Bresso, if the deal goes through.

The Canadian company also wants to keep up its leading position in the market for foil, a product for which Alcan is the third or fourth biggest producer in Europe.

Alcan will continue to concentrate each product at a specific plant, sourcing on a European basis. Specialist aluminium businesses and non-aluminium operations—principally chemicals and manganese alloys—could each soak up about 850m investment over the next five years, Mr Rich suggests. Meanwhile, Alcan will seek joint deals with other companies in which it can contribute its technology.

Mr Rich is edamant that the European operation will keep its finances relatively low geared, spending out of proceeds for asset sales and profits.

"Aluminium will not become a minority interest," says Mr Rich. "But we will continue, adding businesses that clearly meet our criteria. We will shed them wheo they becoma commodity businesses with low growth and overcapacity, or when we are not good at operating them."



Mr Pat Rich: "aluminium will not become a minority interest"

Alcan did not stand still in Europe in the early 1980s. It purchased British Aluminium in the UK, reduced its stake in Endasa (now Inespal) in Spain from 45 to 23 per cent and began a series of plant rationalisations and closures.

The company then took stock of itself. Mr Rich, who first occupied his present post at European headquarters in 1982, says the decision to sell the five extrusion plants — two in France, the others in West Germany, Belgium and Italy — was taken in 1983. It took some time to find a suitable buyer.

Alcan also decided to get out of aluminium fabrication in Africa. It sold its minority stake in a South African plant this year, having already sold its interests in the Ivory Coast and Nigeria.

The company has been extricating itself from other partnerships. It sold its 22 per cent interest this year in Hunter Douglas, a Netherlands-based aluminium products group, and recently disposed of its 25 per cent share in Unidare in the Irish Republic, a company which has been moving away from aluminium.

A question mark hangs over the medium-term future of Alcan's smelter at Ludwigshafen in West Germany, which may be a candidate for disposal.

Otherwise, Mr Rich says: "We do not see any more fundamental businesses to go. We have done all the major pruning." Some observers wonder, however, whether Alcan will wish to keep its diluted partnership deal in Spain, because of the likely clash of interests with the state-owned Inespal, should Alcan begin selling more products there which have been manufactured at its other European plants.

Alcan's European workforce, which stood at 23,000 four years ago, is now just under 20,000 and is likely to fall below 18,000.

The company has already begun an investment programme which will be worth a total of $125m between now and 1990. The figure includes £30m ($45m) to modernise rolling plant in the UK. It is also building a new cold rolling mill at Norf, a plant in which Alcan has a partnership with VAW of West Germany. A new pretreatment line for sheet is being installed at Goettingen, a new foil mill is scheduled for its West German plant at Ohle and tha Bresso line is being mcdernised.

Earnings at Mayne Nickless ahead 22%

By Robert Kennedy in Sydney

MAYNE NICKLESS, the Australian security transport, computer services and freight handling group, has reported a 22 per cent increase in net profits to A$44.1m (US$26.8m) for the year ended June 30, against A$36.1m in the previous year.

The increase was achieved despite extraordinary losses of nearly A$14m, arising largely from the group's loss of A$10.7m on the disposal of its US transport business.

Mayne's directors said the company had had a successful year as a result of its policy to strengthen traditional businesses and develop new initiatives in Australia and overseas.

"We believe that this has created a solid growth path which will continue to reward shareholders with sound long-term returns," they said.

The earnings performance was achieved on sales of A$1.5bn—up 31.8 per cent from last year's A$1.16bn—which resulted from stronger growth in the second half of the year.

Mayne's extraordinary charges consisted of a A$1m loss from the liquidation of a subsidiary company's insurers, losses on disposal and closure of business of $13.6m, a $1.1m credit from the costs awarded in a Trade Practices Commission case and a $460,000 equity share charge from associated companies.

Directors said computer services performed well in the payroll market but other areas did not come up to expectations.

"This led to the restructure of Computer Accounting Services and the divestment of Northern Computing Services, a Newcastle-based computer business with offices in several regional centres," the directors said.

Mayne said there was some evidence of softness in the Australian economy towards the end of 1985-86. Freight volumes, often a useful indicator of economic activity, were down in several key areas.

"Overseas the company expects further gains, particularly in the US, where appropriate adjustments have been made."

Chloride India to raise capital

BY P. C. MAHANTI IN CALCUTTA

CHLORIDE INDIA, the automotive battery offshoot of Chloride UK, is expanding its share capital from Rs 150m to Rs 250m ($19.9m) by capitalising reserves in the form of a three-for-five bonus issue. The funds will be used for financing expansion and modernisation of manufacturing facilities.

The periodic reports that Chloride UK is keen to dispose of *its* 51 *per* cent *stake* in Chloride India has so worried the shareholders that at a recent extraordinary general meeting to approve the bonus issue, they repeatediy wanted to know from the management whether the reports had any substance. And if so, who the successful bidders were likely to be and bow safe the company would be in their hands?

Mr Jahar Sen Gupta, the chairman, denied that a deal had been struck in London, but did not altogether rule out the possibility of a sale once the right price acceptable to the UK parent board bad been offered. So far several parties had indicated intentions to acquire the company's foreign boldings through London merchant bankers or directly, but so far the price offered had not been considered sufficient.

The shareholders, who are happy with the bonus issue, were also told by Mr Gupta that during the current year ending this month the company bad done quite well. Pre-tax and after-tax profits were likely to be as good as they were in the previous year.

During the year ended August 1985 the pre-tax profits rose by 9 per cent to Rs 150m and the after-tax profit by 24 per cent to Rs 68.8m on a total turnover of Rs 803m, np from the previous year's Rs 750m.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 22 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	8.812	−1.355	10.830	8.811
Australian Dollar	14.401	−0.511	14.630	12.670
Canadian Dollar	10.417	−0.592	11.820	10.416
Euroguilder	5.943	−1.557	6.400	5.943
Euro Currency Unit	8.308	−0.753	9.524	8.164
Yen	6.207	−0.624	7.250	6.207
Sterling	10.228	−1.408	11.932	9.751
Deutschemark	6.346	−0.859	7.210	6.345

Bank J. Vontobel & Co Ltd, Zurich • Telex: 812744 JVZ CH

Arab Banking acquires 10.2% stake in Naarden

BY OUR AMSTERDAM CORRESPONDENT

ARAB BANKING Corporation, the Bahrain-based banking group, yesterday added a new twist to Unilever's pursuit of Naarden International by disclosing that it had bought a 10.2 per cent stake in the Dutch flavours and fragrances concern over the past week and a half.

Arab Banking said it had acquired the shares at around Fl 90 on the open market, and added that it expected Unilever to increase its public tender offer from the mooted Fl 90 a share offer to around Fl 100 before Arab Banking would tender its shareholding.

However, the bank had not yet been in contact with either Naarden or Unilever. The Anglo-Dutch foods conglomerate has built up a 49 per cent stake in Naarden, close to the maximum 50 per cent it is allowed to buy on the open market.

On the Amsterdam Stock Exchange, the news was greeted with some scepticism. An arbitrageur from Algemene Bank Nederland and a broker from Pierson, Heldring and Pierson, Amsterdam-Rotterdam Bank's merchant banking subsidiary, both doubted whether Unilever would raise its bid.

They pointed out that while Naarden's share price shot up from Fl 84 to Fl 95 after the takeover talks were announced on August 18, it has been hovering close to the Fl 90 mark in the last few sessions. Several market sources however believe that Unilever had been in the market again for Naarden's shares since it lifted its holding to 49 per cent on Monday.

Unilever said that it had not increased its Naarden shareholding since Monday. It added that discussions with Naarden were progressing well and that "Unilever expects to be able to acquire Naarden International when it has completed the customary procedures."

Naarden said it did not believe that Arab Banking would be able to block a tender offer or a majority take-over of Naarden, but added that it was an issue between Unilever and Arab Banking.

Although an improved offer for the 50 per cent of Naarden that Unilever cannot buy, possibly including better labour conditions, cannot be entirely ruled out, an extraordinary shareholders' meeting on August 12 approved "shark repellent" measures to exchange common shares for non-voting share certificates and to issue preference shares with voting rights. The measures will only be invoked if the Unilever talks fail or if an unfriendly competing bid is made.

Exchange rate fluctuations hit Nat Ned

By Our Amsterdam Correspondent

NATIONALE-NEDERLANDEN (Nat Ned) the largest Dutch insurance group, reported first-half net profits up 5.8 per cent at Fl 274m. Profits and revenues continue to be pressured by exchange rate fluctuations, notably the fall in the US and Australian dollars. First-half revenues declined by 1 per cent to Fl 9.15bn (US$3.96bn). Exchange rate movements depressed revenues by Fl 1.28bn and net profit by Fl 19.6m, the company said.

Profits per share rose to Fl 2.52, from Fl 2.48 and the interim dividend has been increased to Fl 1.20 from Fl 1.15 per share, in cash or shares. The company is forecasting net earnings per share for the whole year of at least last year's Fl 5.71.

Wessanen net profits up 12% in first six months

BY OUR AMSTERDAM CORRESPONDENT

WESSANEN, the Dutch foods group, has lifted first-half net profits by 12 per cent to Fl 28.2m ($12.2m) from Fl 25.2m a year earlier. The previous year's figure was boosted by an extraordinary item of Fl 2.2m.

The group's foodstuffs companies, both in the US and in Europe, made a significant contribution to operating earnings and the company said its other activities also developed well. Operating profits were up at Fl 36.3m in the 1985 first half.

Turnover was down at Fl 1.86bn compared with Fl 2.17bn last year, reflecting the lower dollar as well as lower raw materials prices in several product groups, the company said.

Wessanen repeated its earlier forecast that net profit per share for the full year will increase on a share capital expanded by 2 per cent through its May stock dividend. The company raised its interim dividend to Fl 0.64 per share from Fl 0.55 last year.

● VNU, the Dutch publishing group, increased net income in the first half of 1986 by 12.8 per cent to Fl 41.5m from Fl 46.8m a year earlier.

Turnover rose modestly to Fl 744.8m from Fl 722.4m. Net income in the latest period was favourably influenced by a near 41 per cent plunge in interest expenses to Fl 9.5m, offset by a jump in the company's tax burden.

Profits rose more sharply at Kluwer, another Dutch publishing house, with net income more than doubling from Fl 5.9m to Fl 13m on turnover up from Fl 442m to Fl 466m.

Sharp fall in midway earnings at Statoil

By Lucy Kellaway in Stavanger

STATOIL, the Norwegian state-owned oil company, which yesterday reported sharply lower profits, said that it does not support the cuts in oil production being considered by the Norwegian government. Mr Arve Johnsen, president of Statoil, said that the Organisation of Petroleum Exporting Countries (Opec) has not yet got its affairs sufficiently in order to make any such cuts effective.

Interim results at Statoil showed a 50 per cent drop in profit to NKr 3bn ($410m) brought about by the collapse in oil prices. Mr Johnsen warned that profits for the second half could be still lower if oil prices remained depressed. He said that there was no prospect for any recovery in price at least until 1987, and that it might be five years before world oil demand and supply could be roughly into balance.

Turnover in the first half was up by 20 per cent to NKr 23.9bn compared with the first half of last year. Oil production was much higher, despite a three-week strike by offshore workers in April, reflecting output from a third platform in the Statfjord field.

Mr Johnsen said that, apart from the fall in the oil price the first half of 1986 had been a good period for the company. In June the contract selling gas from the giant Troll and Sleipner was signed, making developments of those fields possible.

In the first half, Statoil invested NKr 2.8bn, most of which was spent on developing the Gullfaks and Oseberg fields. It also bought the downstream operation of Esso in Denmark, and early in the year the Statpipe gas pipeline started normal operations.

Berliner Bank to be further privatised

By Leslie Colitt in Berlin

BERLINER BANK, in which the City of West Berlin still holds a 74 per cent share, is to be further privatised through a 10-year co-operation agreement with the Gothaer insurance group of West Germany.

The Gothaer group will acquire a 17 per cent share in Berliner Bank this year which will further reduce West Berlin's holding. Within four years, Gothaer will purchase 25.1 per cent of the bank's shares in public hands while Berliner Bank will acquire shares in the insurance group.

Dr Guenter Rexrodt, West Berlin's head of finance, said that, within this period, the city did not plan to lower its holding in Berliner Bank to less than 51 per cent.

Under the agreement with Gothaer, Berliner Bank would offer insurance services and Gothaer would provide banking services in what Dr Dietrich Nebelung, the board spokesman of the bank, called a reaction to the "merging" of the banking and insurance sectors.

Berliner Bank's 83 branches in West Berlin, six West German subsidiaries and two wholly-owned banks will offer the main Gothaer insurance policies. The bank will also take over the insurance company's collection and payments operations.

Dr Nebelung said that the expected areas of co-operation would be in mortgages, construction and investment financing, consumer loans, leasing, bearer bonds and savings certificates. The partners would also develop joint services for certain potential groups.

Berliner Bank took its first step towards privatisation in 1984. The group had a balance sheet total of DM 26.6bn ($13bn) up 7.3 per cent at end-1985. Operating profits rose 14.8 per cent last year to DM30m.

Gothaer's gross premium income last year was DM3bn and capital assets were DM 7bn, at the year-end.

Swissotel plans expansion

By John Wicks in Zurich

SWISSOTEL, the international hotel management company owned jointly by Swissair and the Nestle Group, is to expand its chain to 15 properties with a total of 4,200 rooms by the end of 1988.

The company, which earlier this year took over a number of hotels from the Sodereal group, currently operates a total of 12 properties. These include six in Switzerland, two each in the US and Holland and one each in Belgium and Luxembourg.

This autumn the chain will be extended further to include hotels in Tianjin, China, and Seoul. By late 1988, it is intended to open a Swissotel in Chicago.

According to Swissair, other potentially attractive projects are under study.

Y100bn of Euroyen issues launched

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

A FLURRY of new Euroyen issues totalling Y100bn hit the Eurobond market yesterday as borrowers sought to capitalise on a secondary market made buoyant by expectations of lower interest rates and currency appreciation.

Among the deals was an exceptionally large Y60bn issue for Austria which, added to a similarly sized deal for GMAC lata on Tuesday night, accounted for much of the volume.

By last night the weight of new paper was pressing on a market whose euphoria had also abated following a warning by Mr Satoshi Sumita, president of the Bank of Japan, that his country would not follow the US in cutting leading interest rates.

Bankers said the market was suffering from indigestion and the new issues met a mixed reception with the 5¾ per cent, five-year GMAC deal particularly weak in the grey market.

They said the surge in new issue volume had occurred after gains in the secondary market reopened the possibility of pricing deals at a level where they could be swapped into other currencies.

This has been difficult for some time.

Austria's bond was also slow to move and was being supported by lead manager Daiwa Europe at a discount equal to its full fees. It is divided into two tranches of Y40bn, ten-year, 5¾ per cent at 101¼ and Y20bn, 15-year, 5¾ per cent at 101¼. Daiwa said the latter tranche attracted more demand because its rare long maturity offered a yield pick-up.

Well received by contrast was a Y20bn equity warrant deal for Swiss Bank Corporation, its first foray into this market. The final issue of Y20bn for Electricite de France came too late to trade actively.

SBC's issue, which is led by its London merchant banking arm, proved attractive to investors in Switzerland who liked the combination of currency play in yen as well as the chance it offers to buy the bank's bearer participation certificates.

It is a seven-year issue carrying an indicated coupon of 2 per cent and the exercise price for the warrants will be set next Monday at a price equal to or slightly above their level then. By yesterday afternoon, the paper was trading at around 104¼ compared with its issue price of par.

Yamaichi led the 10-year EdF issue, which carries a coupon of 5¾ per cent and issue price of 101¼. Despite yesterday's flurry, bankers said more deals could be in the pipeline.

In contrast yesterday was a lacklustre day in the dollar sector which saw no new straight issues, although two floating-rate notes surfaced as well as one equity warrant issue.

Denmark's Provinsbanken is raising $100m through a five-year floating-rate note priced at par and carrying interest at the six-month London interbank offered rate. Lead manager is Shearson Lehman International.

Daiwa Europe and Mitsubishi Trust launched a $100m issue for Christiania Bank of Norway, with an unusual structure, that is thought to have been basically pre-placed in Japan. It is a three-year deal that carries interest at six-month Libor less 6 per cent for the first year and Libor plus 3 per cent in years two and three. This is a structure thought to offer tax advantages to certain Japanese investors.

Nippon Denso, the Japanese auto component maker that is 21.9 per cent owned by Toyota, launched a $100m, five-year equity warrant issue through Nomura International. This carries an indicated coupon of 3¼ per cent and an indicated warrant exercise premium of 2½ per cent.

Swiss franc issues were little changed to slightly firmer, while D-Mark Eurobonds slipped in later trading after the Bundesbank announced it would not be holding a press conference after its council meeting today. This is taken as a signal that no discount rate cut is in the offing.

The downward drift dampened enthusiasm for a new DM 500m, ten-year 6 per cent issue at par for Lufthansa, the airline, led by Deutsche Bank. Lufthansa launched a ten-year issue on similar terms in May which had been bid at 99¾ on Tuesday. By last night, however, it was down to 98½ bid.

Also launched yesterday was a DM 75m, five-year, 6¼ per cent issue at 100¼ for Inco, the Canadian metals producer. It is led by Commerzbank.

Equity warrant deals for Yamaha Motor and Asics Corporation of $100m and $50m respectively were both priced as indicated with 3¼ per cent coupons in the dollar market yesterday.

15 Gotabanken staff leave to set up money brokers

BY SARA WEBB IN STOCKHOLM

GOTABANKEN, Sweden's fourth largest commercial bank, has lost 15 key staff, including the head of its money market and stockbroking operations. Mr Olof Hedengren, vice managing director of Gotabanken and the head of the bank's money market and stockbroking department, announced plans to set up a money broking business with 14 other staff from the bank. While Gotabanken is refusing to comment on the situation, analysts believe that the bank will be seriously affected by the departure of so many key staff. It would take some time to replace them with brokers of similar experience.

Mr Hedengren and some of the other staff have already left, and others have been moved on to different work. The announcement came shortly after Gotabanken revealed that it had appointed a new president and chief executive officer in the form of Mr Sven Erik Ragnar.

● Skandiviska Enskilda Banken, Sweden's leading commercial bank, announced the appointment of Mr Hans Cavalli-Bjorkman as managing director of its head office, where he will be in charge of data processing, financial planning and the bank's legal operations. Mr Cavalli-Bjorkman is currently in charge of the bank's operations in southern Sweden and is already one of the bank's four managing directors. However, his new appointment follows the announcement that Mr Sven Erik Ragnar, a fifth managing director for the bank, is to join Gotabanken in October.

Denmark selects dealers for Europaper operation

BY OUR EUROMARKETS CORRESPONDENT

DENMARK has appointed a team of five dealers to sell paper under its planned $1bn Euro-commercial paper programme.

The programme is to be arranged by Citicorp and the other dealers will be Merrill Lynch, Morgan Guaranty, Morgan Stanley and Swiss Bank Corporation International.

Citicorp said yesterday that the dealers in the programme would all be electronically linked in a system intended to help maximise efficient selling of the paper. However, details of how this will work are still being discussed, it said.

Denmark announced in July that it planned to launch the programme, which will complement its existing programme in the US domestic market and allow it to tap the Euromarket instead when rates there are lower.

Short-term commercial paper borrowings also allow Denmark to wait until the right market conditions materialise before launching issues in the longer-term capital markets.

● Samsung Electronics America, an offshoot of the Korean Samsung group, has arranged a $50m, three-year letter of credit facility to back up the issue of US commercial paper.

Merrill Lynch, as arranger, said yesterday that the deal carried an annual facility fee of ⅛ per cent and a utilisation fee of ⅜ per cent. It is the first such facility for the Samsung group.

Security Pacific National Bank is acting as letter of credit bank and lead manager. Other lead managers are Banco di Napoli, Bank of Tokyo Trust Company, Dai-Ichi Kangyo Asia and National Bank of Canada.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.

Closing prices on August 27

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 16	200	103½	104	+0⅛	+0⅛	9.36
Atlan. Richfield 10¼ 00	250	109⅝	109⅞	+0⅛	+0⅝	9.00
Australia Com. 11 95	200	†116⅞	117⅜	−0⅛	+1	8.17
Australia Com. 11¼ 00	100	†114⅞	116⅜	0	+0⅞	9.07
BP Capital 9⅝ 94	100	104⅝	104⅞	+0⅛	0	8.28
BP Capital 11¾ 92	150	109⅞	110⅛	−0⅛	−0½	8.71
Campbell Soup 10½ 93	100	113⅞	114⅛	+0⅛	+0½	8.24
Canada 9 96	1000	108⅞	108⅝	+0⅛	−0⅛	7.48
Canada 11½ 90	500	113⅞	114⅛	+0⅛	−0⅛	6.87
Canadian Pac. 10⅝ 95	100	110⅛	110⅝	0	−0⅛	8.61
CEPME 10⅛ 91	100	109½	110	+0⅛	+0⅛	7.75
Credit Lyonnais 9 91	200	105⅞	106⅛	+0⅛	+0⅛	7.49
Credit National 9⅛ 93	150	106⅛	106⅝	+0½	+0⅛	7.77
Denmark Kingdom 7¾ 93	250	99⅞	100⅛	+0⅛	0	7.74
Denmark Kingdom 8¼ 91	300	103	103½	+0⅛	0	7.42
Denmark Kngdm. 11½ 92	100	116½	117	+0⅛	−0⅛	7.68
Deutsche Bank Fin. 8 96	110	98	98½	+0⅛	+0⅛	8.23
EDC 8½ 92	100	104	104½	+0⅛	+0⅛	7.53
EEC 8¼ 96	100	103⅞	104⅛	+0⅛	+0⅛	7.63
EEC 8⅝ 91	150	105⅞	106⅛	+0⅛	+0⅛	7.05
EEC 9⅝ 90	350	106⅞	107⅛	+0⅛	+0⅛	7.53
EIB 10⅛ 94	200	111⅞	111⅞	+0⅛	−0⅛	8.24
EIB 12 95	200	126	126½	+0⅛	+0⅞	7.72
Eurofima 7¾ 91	100	101½	102	+0⅛	+0½	7.31
Export Dev. Cpn. 10 90	100	109⅞	110⅛	0	0	6.98
Finland 7½ 93	200	99⅞	99⅞	+0⅛	+0⅞	7.62
Ford Motor Cred. 10½ 91	150	110⅛	110⅝	0	0	7.97
Ford Motor Cred. 11¾ 90	200	113⅞	113⅞	+0⅛	+0⅛	7.34
Gen. Elec. Cred. 10¾ 00	200	107⅞	107⅞	0	0	9.24
GMAC 10¼ 89	200	107⅞	108⅛	+0⅛	+0⅛	6.91
GMAC 8½ 93	200	103⅞	103⅞	+0⅛	+0⅛	7.83
IADB 9⅞ 95	200	111⅞	112⅛	+0⅛	0	7.99
Liberty Mutual 8½ 96	150	102½	103	+0⅛	+0⅛	8.08
LTCB of Japan 8 91	100	101⅞	102⅛	+0⅛	+0⅞	7.47
Merrill Lynch 8¾ 91	100	104⅞	104⅞	0	+0⅛	7.66
Mercds.-Benz Cred. 7½ 93	100	98⅞	99⅛	0	0	7.71
New Zealand 8¼ 93	250	101⅛	101⅞	0	0	7.93
Pepsico Inc. 7⅞ 93	200	97⅞	98⅛	0	+0⅛	7.73
Proct. & Gamb. 'W' 9⅝ 92	150	107⅛	107⅞	+0⅛	+0⅛	8.31
Pru Realty Secs. 12⅛ 95	546	117⅞	118⅛	+0⅛	0	5.98
Qantas Airways 10⅞ 95	140	113⅛	113⅝	+0⅛	+0⅛	8.19
Queensland Govt. 10¾ 95	100	110½	111⅛	−0⅛	−0⅛	9.42
Ralston Purina 11¾ 95	150	†114⅞	115⅛	+0⅛	+0⅞	9.13
Saab Scania 9½ 91	125	106⅛	106⅝	+0⅛	+0⅛	7.74
Saskatchewan 10⅞ 92	100	113⅞	113⅞	+0⅛	−0⅛	7.64
Scandinavia Air. 10⅛ 95	250	111⅛	111⅞	+0⅛	+0½	8.27
State Bk. S. Aust. 9¼ 93	100	†103⅞	103⅞	+0⅛	−0⅛	8.59
Statoil 10 90	170	108⅞	109⅛	0	+0⅛	7.33
S. Wales Trsy. 11¾ 90	150	112⅞	112⅞	+0⅛	0	7.69
Swed. Exp. Cred. 10 92	100	111⅞	111⅞	+0⅛	+0⅛	7.46
Sweden 8¼ 96	100	105⅞	106⅛	5	+0½	7.82
Sweden 10¼ 92	250	112⅛	112⅞	+0⅛	+0½	7.48
Sweden Kingdom 10⅞ 90	200	112	112⅛	+0⅛	+0⅛	7.09
Sweden 11⅞ 94	100	127½	128	−0⅛	−0⅛	8.45
Toyota Motor Cred. 8 89	100	102⅞	102⅞	0	0	6.78
Victorian Rep. 11⅞ 92	150	125⅛	115⅞	+0⅛	+0½	8.32
World Bank 8½ 16	150	96⅞	97⅛	0	−0⅛	8.79
World Bank 9¼ 16	300	102⅞	103⅛	−0⅛	−0⅛	8.94
World Bank 9⅞ 16	300	107	107½	−0⅛	−0½	9.03
World Bank 10⅛ 95	300	115½	116⅛	+0⅛	+0⅛	7.62
Yasuda Trust Fin. 8½ 93	100	102⅞	102⅞	+0⅛	−0½	8.00

Average price changes on day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	109⅞	110⅛	0	−0⅛	6.39
Austrian Elec. Co. 6½ 95	150	101⅞	102⅛	0	+0⅛	6.24
BNW 5¾ 96	100	93⅞	94	0	−0⅛	6.14
Daimler Benz Int 5¾ 01	500	95⅞	96⅛	0	−0⅛	6.14
Dow Chemical 5⅞ 96	300	94⅞	95½	0	+0⅛	6.31
Dow Chemical 6¼ 95	300	105⅞	105⅞	+0⅛	+0⅛	5.95
EIB 5½ 98	250	96⅛	96⅞	+0⅛	+0⅛	5.90
EIB 6⅞ 95	300	103⅞	106⅛	+0⅛	+0⅛	5.99
EIB 7¼ 94	300	105⅞	106½	+0⅛	+0⅛	6.27
Embart Corpn. 6¼ 93	375	102⅞	103⅛	0	e	6.32
Eurofima 6¼ 96	100	102¼	101⅞	+0⅛	+0⅛	6.02
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Ex. OS Cr. 0 91 A$	100	53⅞	54½	+0⅛	+0⅛	14.14
Bremer Ldsbk. 12⅞ 91 A$	30	97⅞	98½	−0⅛	−0⅛	13.26
Fiat Finance 14½ 89 A$	50	100	100⅛	−0⅛	−0⅛	14.19
GMAC 12⅞ 89 A$	40	97⅞	98½	−0⅛	−0½	13.67
Landsbk. Rhein. 13 89 A$	30	97⅞	98	−2⅛	0	14.04
Canadian Pac. 10⅞ 90 C$	75	†100⅞	101⅛	0	2	10.09
Chrysler Corpn. 10 91 C$	75	†94⅞	94⅞	0	0	10.83
Genstar Fin. 11¼ 95 C$	75	†106⅞	107⅛	−0⅞	−0⅛	10.46
GMAC 9⅞ 92 C$	75	†95⅞	96⅛	0	0	10.22
Royal Trustco 10¼ 90 C$	75	†100⅛	100⅞	a	a	10.19
Sears Acc. 10⅞ 92 C$	75	†103⅛	103⅞	−0⅛	−0⅛	9.82
Coca-Cola F. C. 17 90 NS	75	†101½	103	+0½	+1⅛	16.19
Denmark 17½ 89 NS	50	†101	101½	a	+0½	16.67
Unilever Cap. 17½ 89 NS	50	†100⅛	103	e	−0⅛	16.47
Copenhagen City 9 95 Ecu	40	†105⅞	105⅞	−0⅛	−0⅛	8.14
EIB 8⅞ 93 Ecu	180	†108⅛	109⅛	−0⅛	+0½	6.97
Walt Disney 8⅞ 94 Ecu	62	†105⅞	106⅛	−0⅛	−0⅛	7.66
Honda Mtr. WW 3⅞ 90 Fl	100	108⅞	110	+2⅛	+2⅛	1.17
Honda Mtr. XW 3⅞ 90 Fl	100	92⅞	93⅛	−0⅛	0	6.16
Thyssen 7⅛ 90 Fl	50	104⅛	104⅞	+0⅛	+0⅛	5.96
Wereldhave 7½ 90 Fl	75	104⅛	104⅞	+0⅛	+0⅛	6.21
Wessanen 6⅞ 90 Fl	50	103⅛	103⅞	+0⅛	+0⅛	5.80
Amev 11 95 £	50	†104½	105	0	+0⅛	9.93
Australia Com. 11 92 £	40	†102⅛	102⅞	+0⅛	−0⅛	10.36
GMAC UK Fin. 10½ 90 £	30	†103	103½	0	−0⅛	9.43
Imp. Chem. Inds. 10 03 £	100	†97⅛	97⅞	+0⅛	−3	10.32
Imp. Chm. Inds. 10¼ 92 £	75	†100⅞	101⅛	−0⅛	−0⅛	10.54
Invst. in Inds. Int. 10 93 £	60	†97⅞	97⅞	−0⅛	−0½	10.49
Leeds Bldg. Soc. 10½ 91 £	50	100⅞	101	−0⅛	−0⅛	10.29
McDonalds 10⅞ 90 £	40	†102⅞	102⅞	−0⅛	−0⅛	9.94
Nationwide BS. 10⅛ 93 £	75	98⅞	99	−0⅛	−0½	10.37
NSW Treasury 10⅝ 92 £	50	†101⅞	102⅛	0	−0⅛	10.15
Royal Insce. 10⅞ 92 £	60	†100⅞	101⅛	−0⅛	−0⅛	10.48
J. Sainsbury 10⅞ 93 £	60	†101⅛	101⅞	−0⅛	−0⅛	10.48
Trusthouse Forte 11⅛ 90 £	50	†101⅞	102⅛	−0⅛	−0⅛	10.34
World Bank 11¼ 95 £	100	109½	110	−0⅛	−0½	9.54
CoE 8⅞ 95 LFr	600	†105½	105½	+0⅛	0	7.92
EIB 8⅝ 95 LFr	1000	†106⅛	107⅛	+0⅛	+0½	7.26

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bldg. £ 94	0.08	99.76	99.83	18/10	10.08
Bank of Montreal 98	0.05	100.59	100.69	23/1	5¼
Barclays Bank Perp. 1	0⅛§	100.82	101.06	2/1	7.06
Barclays Bank Perp. 2	0⅛§	100.50	100.73	14/8	6¼
Belgium, Kingdom of 91	0	100.03	100.94	19/8	8.06
BNP 5¼ 95	0.05	102.67	102.97	12/1	6.8
Britannia 5 93 £	0⅛	100.05	100.12	8/10	10.19
CCF 5¼ 97	0	99.77	99.87	14/5	6.94
Citicorp 98	0⅛	99.95	100.06	29/8	7.19
Credit Lyonnais 5 00	0⅛	100.52	101.02	12/1	6.81
EEC 3 92 DM	0	100.53	100.77	28/8	4.44
EEC 5¼ 95 Ecu	0.0312	†99.95	100.45	30/7	7.66
Halifax Bldg. Soc. £ 94	0.1	99.95	100.00	6/8	10.54
Lloyds Bank Perp.	0⅛	100.89	101.12	9/12	7½
Midland Bank 01 £	0.1	99.72	99.82	7/8	10.6
Milk Mrktg. Board 5 95 £	0⅛	100.31	100.36	26/9	9.94
NatWest Perp. A	0⅛§	100.92	101.16	9/1	6.94
NatWest Perp. B	0⅛§	100.95	101.19	9/8	6¼
New Zealand 5 97 £	0.07	99.95	100.06	14/8	10¼
New Zealand 5 01	0	100.36	100.47	4/8	8.13
Prudential Corpn. 4 93 £	0.1	99.65	99.75	5/9	9.85
Royal Bk. Scotland 5 Prp.	0⅛	100.84	100.94	11/12	7⅛
United Kingdom 5 92	0	100.47	100.54	7/28	7.19
Woodside Financial 5¼ 97	0	100.12	100.23	28/7	6.81
Woolwich 5 95 £	0⅛	100.05	100.09	19/8	10½

Average price changes on day +0.01 on week +0.06

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes on day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes on day 0 on week 0

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

Currencies behind £10m downturn at Blue Circle

BAD WEATHER and redundancy costs in the UK together with adverse currency movements on conversion of overseas earnings left profits of *Blue Circle Industries* some £10m lower at the six months' stage.

The directors said yesterday that in the remainder of the year the cost benefits of plant modernisation should come through more strongly, though there will be further redundancy costs from the reductions in the work force already announced.

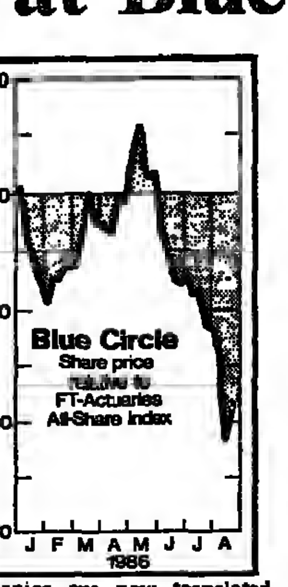
Overseas, no significant changes in trading patterns were foreseen but exchange rate volatility remained an unpredictable factor.

Turnover for the first six months of 1986 improved from a restated £442.6m to £517.3m and at the trading level profits *showed a rise of £1.6m at £41.5m*—the group is Britain's biggest cement manufacturer.

Pre-tax profits fell from a restated £52.3m to £42.8m. These were struck after taking account of associates' contributions totalling £23.2m (£32m), interest charges of £17.7m (£17.6m) and redundancy costs which rose by £2.2m to £4.2m.

Pre-tax profits originally reported for the first half of 1985 amounted to £45m using period-end exchange rates on conversion of overseas earnings.

However, in accordance with the practice adopted at the 1985 year-end profits of overseas *companies are now translated* into sterling at average rates and for consistency, last year's interim results were restated accordingly.



Tax for the period under review fell by £6m to £9m to lease the net balance at £33.8m, compared with £37.3m. Minorities accounted for £1.1m (£3.6m).

Available profits worked through at £32.7m (£33.7m) and from earnings of 25.4p (28.4p) the interim dividend is a same-again 6p net per £1 share.

UK profits were affected by redundancy costs, bad weather and by commissioning costs of *modernised plants. However,* profits from the US increased substantially confirming the benefits of the group's strategy of directing investment to this area.

The directors pointed out that profits from overseas operations were again affected by adverse exchange rata movements and by less favourable economic conditions in some areas.

Exchange rates particularly affected the US and Australia where movements were not compensated by inherent inflation. Movements in these two currencies alone reduced pre-tax profits by £7.1m compared with the first half of 1985.

A goegraphical *analysis* of restated profits before tax shows: UK £3.1m (£5.3m), US £11.9m (£8m), Mexico £8m (£12.2m), Australasia £7.4m *(£8.3m), Africa £4.2m* (£6.1m), South America £3.5m (£5.7m) and Asia and other areas £2.6m (£4.6m).

In the UK home trade cement deliveries were 3.7 (3.9m) tonnes. Demand was exceptionally low in February and March because of very severe weather.

The proposed price increase aversging 4 per cent which was due to come into effect on July 1, was deferred in the light of prospects for reduced energy costs, from which some benefit was derived in the first half of the year.

See Lex

Williams unveils £58m bid for LMI

By Charles Batchelor

Williams Holdings, the mini engineering conglomerate which said on Friday it was in bid talks with London & Midland Industrials, yesterday unvelled an agreed bid worth *£57.5m*.

The main advantage of the bid to Williams is that it will give a sizable presence in North America which would justify establishing a US headquarters to co-ordinate growth in the American market.

Mr Brian McGowan, Williams' managing director, said: "Our £1m of earnings in North America coupled with the £4m from LMI will give us the muscle to set up an autonomous structure in North America a la Hanson.

"*We don't believe* you can run North American operations from Britain. Probably two senior managers will go across to North America. We would like to get a balance in terms of earnings between Britain and the US.

Apart from benefits in the US, Williams believes LMI's consumer products and home improvements division — including Banbury Homes and Gardens and Compton Buildings — will complement its own consumer and industrial *division*, including its Swish curtain fittings and Rawlplug products.

Williams has made four successful agreed takeover bids in the past nine months but failed in a contested takeover of McKechnie Brothers. LMI, on the other hand, has failed in both its recent takeover attempts — for Allied Textile Companies and Hoskins & Horton.

Were LMI to remain independent it said it would be unlikely to pay a higher dividend in 1986-87 than that paid the year before.

Williams expects to pay a final dividend of 9p taking the total for 1986 to 14p — a 75 per cent increase on 1985.

Williams is offering 24 of its own shares for every 67 shares of LMI. At Williams' closing price of 630p yesterday — a fall of 20p — this values the share offer at 225.7p for each LMI share. LMI's shares rose 5p to 225p.

Alternatively, LMI shareholders may opt to take up to half of the payment in the form of new 5½ per cent £1 cumulative redeemable preference shares on the basis of 11 new convertible shares for every two new Williams shares.

There is also a full cash alternativa worth 218.5p for each LMI share.

In addition, Williams is offering eight of its own shares for every 37 of LMI's 2.46m deferred shares and 70p cash for each 3½ per cent LMI £1 cumulative preference share.

The offer has the backing of LMI's directors who own 0.78 per cent of their company's ordinary shares and 0.77 per cent of the deferred shares.

Stanley improves

A G STANLEY, HOLDINGS the FADS stores group has achieved an 11 per cent improvement in pre-tax profits for the half year to July 2 1986.

On turnover ahead from £29.53m to £31.15m, the pretax result for this Cheshire-based retailer of home decorating materials and related products was £103,000 higher at £1.08m.

The directors have lifted the interim dividend by 50 per cent to 1.5p. Net earnings per 5p share improved from 1.82p to 2.55p.

Terry Povey on Ron Brierley's proposed offer for OTT

A £258m puzzle for the City

MR RON BRIERLEY'S £258m bid yesterday for Ocean Transport and Trading has set the City something of a puzzle.

Does the New Zealand entrepreneur really want to take OTT over, or is he primarily out to block any moves that would dilute his interest in it?

In the past year Mr Brierley has become increasingly active in London, running a £250m investment portfolio that contains stakes in up to 40 companies.

A year ago he took control of Tozer Kemsley and Millbourn, which is mainly a motor distributor, injecting funds in exchange for shares.

If pursued, the offer for OTT would be his first contested bid in the London market.

The Brierley stake in OTT has been built up to almost 10 per cent since P&O sold its 13 per cent holding last month. Mr Brierley's advisers claim that he had been heading towards the launch of a full bid for OTT but that events forced him into yesterday's sudden announcement of "an intention" move an offer.

Mr Brierley says he heard at the end of last week of takeover discussions between OTT and various companies—including the possibility of it playing a white knight role on *behalf* of Hargreaves, the energy group facing an £80m bid from Coalite.

"I became convinced," he adds, "that they intended to go in directions that will dilute our influence.

"OTT is now a company at the crossroads, and it seems timely that its shareholders should be offered a cash alternative to plans that would lead to a lot of debt being taken on and earnings diluted. "We are not out to block OTT's plans for destructive reasons — we just don't want them to gear up *again after* having eliminated all debt with the cash from the OCL disposal."

Mr Brierley argues that OTT's board has not thought out its detailed strategy and he claims that its recent moves "lack a discernable theme." His strategy could be to integrate it with TKM.

Both companies are involved in fuel distribution and the Brierley camp says there is a clear link between its motor business and OTT's transportation and freight forwarding activities.

Mr Brierley sees TKM's future as a "transportation and distribution" conglomerate. With its head office shut down and a few minor disposals, OTT would sit "very neatly within the TKM capital structure," he says.

Caution and careful research are the hallmarks which have helped Mr Brierley build up an international empire that spans breweries, car sales, insurance, media, oil, pastoral, printing, property, tourism, transportation and wine, plus a major investment portfolio with sizeable holdings in Australia, New Zealand, the UK and the US.

While still at school he made money dealing in stamps, moved quickly through house renovation, abandoned a university accounting course as being too dull and by the early 1970s his New Zealand master company, Brierley Investments Limited (BIL) was well underway.

Today the 48-year-old chess playing, cricket loving Mr Brierley owns some 3 per cent of BIL—now the largest company in New Zealand, capitalised at almost $1.5bn.

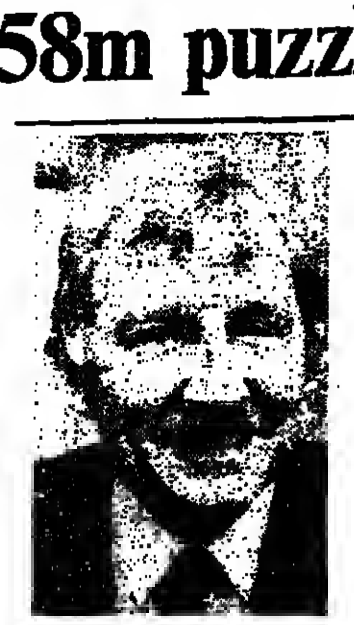
Across the Tasman Sea he has Industrial Equity, the tenth largest company in Australia capitalised at just over $1bn. However, concern for the future of the Antipodean economies—both of which are plagued by high interest rates and vulnerable currencies—have led Mr Brierley and many other "players" from Down Under to look for opportunities overseas, primarily in the UK.

Through a Hong Kong port of convenience company, Industrial Equity Pacific, Mr Brierley began his entry in force into the UK market in late 1984.

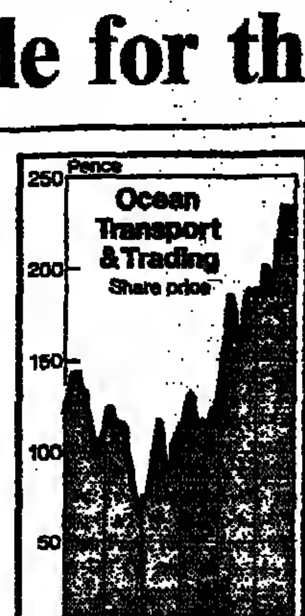
The strategy is buy on weakness, looking for sound asset value that has fallen out of favour with the market for sectoral, cyclical or managerial reasons.

The first major purchase came in July 1985, when IEP provided an injection of funds for TKM giving Mr Brierley control at 25p a share compared with today's 168p. TKM then *successfully bid for* Kenning Motors and IEP had in a matter of months become the parent company of the UK's largest car distributor.

His proposed offer for OTT is unusual for Mr Brierley in that it is pitched above net asset value—a premium of some 16 per cent—but the indications in the market last night were that he was unlikely to succeed at that level.



Mr Ron Brierley, the New Zealand entrepreneur who is bidding for Ocean



Hillsdown bid for May & Hassell

By Lionel Barber

Hillsdown Holdings, the ever-hungry food and furnishing manufacturer, yesterday announced its 15th acquisition this year, making an agreed £14.1m bid for May & Hassell, the timber merchant and building materials manufacturer.

Bristol-based May & Hassell made an attributable loss of £3.8m on turnover of £89.87m for the year to last March. Its recent financial position has been precarious, with borrowings of £28m resting on equity of £16m only.

May employs 2,000 people in some 40 building merchants yards, stretching from the Isle of Skye to Plymouth. Its financial problems centre on a contract in the Falklands Islands where its subsidiary, Vic Hallam, is building prefabricated buildings for the British Army.

Hillsdown, which achieved £33.4m (£18.9m) pre-tax profits on £1.1bn turnover for 1985, is due to report interim results next week. It employs more than 20,000 people.

Hillsdown is offering 50 new shares for every 101 shares in May. Based on last night's closing price for Hillsdown of 303p, up 1p, the offer values May, up 31p to 142p, at 150p per share. There is a cash alternative of 140p per share.

Mr John Jackson, Hillsdown finance director, said he was confident there was more profit to be squeezed out of May's timber interests which were marginally profitable this year. He said the problems in the Hallam business had to be tackled immediately and raised the possibility of selling Hallam.

Hillsdown advised by Kleinwort Benson has won the backing of the Atley family who along with the directors and other interests account for 46 per cent of May's share capital. May's advisers are Brown, Shipley and Co.

Marley's strong growth after £9.7m midway

Marley the building materials group, yesterday reported first-half 1986 pre-tax profits up from a restated £7.43m to £9.68m.

In its restructured form the group had started the second half of 1986 with a strong performance in volumes and profits—management accounts for July showed a pre-tax profit of £4.3m, the directors reported.

The order book was very strong and the outlook good. General Shale Products of the US, acquired in June, started the year with profits before tax for the opening six months of $0.2m, and its second half would be consolidated.

The year had seen a continuation of Marley's major restructuring programme towards establishing itself as a group primarily engaged in the manufacture of building materials.

It had disposed of Payless DIY for £94m cash, acquired Thermalite Holdings and General Shale, and the outstanding shares of Celotex-Marley for a total of £116m (of which £64m cash).

Two factories at Catterick and Leighton Buzzard were being closed and two central service activities, Sterling Computer Services and Marley Advertising, were being sold. In addition further reductions were in hand.

The directors stressed that a large part of the benefits would not be seen until the second half of this year and in 1987.

Those moves and a change in the accounting period of overseas subsidiaries made the results for the first half of 1986, now reported, difficult to compare. Under merger accounting there was a full contribution from Thermalite of £3.7m before tax, while the overseas subsidiaries also took in a third quarter's contribution amounting to £2.58m on the change of accounting dates.

The reported group figures for the first half showed turnover of £268.42m, compared with £294.96m, and trading profit of £15.2m against £15.17m. To this the UK contributed £165m (£202.6m) and £11m (£14.2m) respectively.

The share of related companies showed a loss of £1.25m (£454,000) and net interest payable was £4.29m (£7.29m).

The directors stated that the period, despite an improved January, suffered from a significant drop in volume in UK operations (mainly because of the weather) until well into the early summer. Only in June did activity pick up; as a result profits of the group, excluding new acquisitions, were again well below plan.

Acquisition of Thermalite and General Shale were seen as being particularly significant in terms of Marley's strategic development. They were important profit contributors in their own right and were also expected to provide a sound base for further growth in two key markets.

In the UK Thermalite's range of aerated concrete blocks would add considerable breadth to Marley's existing products. In the US General Shale's manufacturing base and strongly established position in the national building materials market offered opportunities to introduce the wide range of Marley products as well as to increase penetration of the facing-brick market.

Tax for the half year came to £4.39m (£2.92m), an effective rate 45.3 per cent. The charge for the full year would benefit as the group started to use past tax losses in the US during the second half.

Earnings were 2.2p (1.8p) per share and the interim dividend is again 1.4p, with the option of shares.

Disposal of Payless gave rise to a net profit of some £63m which would be in the full year's accounts as an extraordinary item.

See Lex

Andrew Fisher on the changing direction of Ocean Transport

Moving inland and leaving the water behind

"Here he is, trying to pick the apple before it is ripened," said Mr Nicholas Barber, group managing director of Ocean Transport and Trading, now in the sights of another potential predator in the shape of Mr Ron Brierley.

The image of a plump, near-ripe, apple is not one that springs readily to mind in the City, when Ocean is being discussed. Its image in the square mile is more lacklustre than glittering.

But the consensus yesterday seemed to be that Ocean did not deserve to fall victim to Mr Brierley at quite such a low price as the 225p a share at his IEP (UK) has said it intends to bid in cash.

The Ocean share price closed yesterday at 235p, up 17p, IEP owns nearly 10 per cent of the shares.

The ripening that Mr Barber spoke of referred to Ocean's strategy of moving away from the beleagured shipping sector and developing its land-based activities such as waste management, freight forwarding, warehousing and transport.

Ocean yesterday described the IEP move as "totally without merit and completely unacceptable." The group *has not long been free of the* threat of a takeover from Peninsular and Oriental Steam Navigation, headed by Sir Jeffrey Sterling.

That was removed spectacularly in April when P & O bought the shareholdings in Overseas Containers Ltd (OCL) owned by Ocean and by British and Commonwealth Shipping to add to its own.

Ocean received £93m for its 28 per cent stake in OCL and loans to the company. In turn, P & O sold its 13 per cent stake in Ocean.

Ocean said at the end of last year that it did not want to be described as a shipping group. It felt that it was best regarded as a provider of industrial distribution services.

The term may lack the glamour of shipping, but the deep-sea sector has been plagued by over-tonnaging among competing lines and profits have proved elusive. By making an exit from the shipping scene — though it retains some interests — Ocean has sought to remove a highly uncertain element from its earnings.

Its latest interim results, with pre-tax profits down from £15.7m to £15m illustrate why Ocean is trying to move further inland and leave the water behind. The shipping interests saw a drop from £5.4m to £3.2m, while land services (warehousing, forwarding, waste management and storage) rose from £6.6m to £8.8m.

On the marine services side, however, which takes in offshore oil services, towage and port operations, profits eased from £4.2m to £3.9m. Last year, Ocean's pre-tax profits edged ahead from £30.1m to £31.9m after a £5.6m loss (£5.8m profit the year before) on ship sales.

One reason that some City analysts and institutions are not over-impressed with Ocean, though respecting its strategic intentions and conceding its assets have worthwhile earnings potential, is that its dividends have recently risen more slowly than hoped.

To stay independent, therefore, it looks as if Ocean will haveto court the City more assiduously.

As for future strategy, IEP yesterday claimed that Ocean was considering bidding for Hargreaves Group, an energy distribution, and waste collection company, which Hargreaves is already subject to a hostile bid from Coalite.

Mr Barber admitted that Hargreaves would fit in well with Ocean's businesses.

"We have taken a very keen interest in the situation." He declined to indicata whether Ocean was interested in buying the company, but said, "we've met them."

AAP sells Reuters stake

BY CHARLES BATCHELOR

The Australian Associated Press (AAP) yesterday sold its remaining holding of 7.61m B shares in Reuters, the international financial information group, for a total of £39m.

AAP first announced its intention of selling part of its Reuters' shares in May but a legal dispute in the US between Reuters and a former employee led to a delay.

In the meantime AAP decided to dispose of most of its remaining Reuters' shares. It placed 12m shares at the beginning of August, sold nearly 3m to Mr Rupert Murdoch's News International Group, and completed the disposal yesterday by means of a placing with European investors at 513p per share.

AAP had originally intended selling just 6m shares yesterday but increased the number on offer because of the strength of the demand. The placing was lead-managed by Credit Suisse, First Boston and Cazenove.

Reuters' shares fell 1p to 518p.

Farmer strengthens board in reconstruction move

BY PHILIP COGGAN

SW Farmer Group, the troubled engineering concern, has announced the first stage of its reconstruction.

Two directors of the little-known BCR International, Mr Roy Davies, a former Inchcape board member, and Mr Richard Anniss, are joining the Farmer board as deputy chairman and non-executive director respectively.

BCR, a private company with interests in aviation, car leasing and engineering, holds a 16 per cent stake in the engineering group.

Mr John Briggs, SW Farmer's chairman and an experienced "company doctor" said yesterday that he was very pleased that Mr Davies and Mr Anniss "were willing to pitch in, roll their sleeves up and help me restore the company."

Their immediate task will be to prepare a financial reconstruction of the group, which reported losses of £1.25m in 1985.

Share dealings in SW Farmer were suspended on August 12 and will not be resumed until the financial reconstruction takes place. When trading ceased, the shares stood at 24p, following a 15p drop the previous day.

AMEC improves to £12.4m

AFTER A hiccup to profit growth last time, the AMEC group of civil engineers and housebuilders moved forward again in the first half of 1986, with a pre-tax profit of £12.4m.

This compared with £9.7m in 1985 and with £11.8m in the preceding year.

The directors stated that the group as a whole performed well in the half year, and overall order book remained at an encouragingly high level.

Turnover in the period came through at £352m, compared with £360.7m. After tax £4.5m (£4m) the net profit was £7.9m (£5.7m) for earnings of 12.3p (8.8p) per share. The interim dividend is stepped up to 4.5p (4p) net per share.

The directors said the group, originally an amalgam of the Fairclough and William Press organisations, was placing an increasing emphasis on looking for opportunities to secure large contracts where its broadly based structure enabled it to offer the range of skills and resources demanded.

A number of major contracts had recently been awarded in the company's traditional areas of business.

Profit potential of the oil related activities were seriously limited by falls in the price of oil but performance of those activities had less impact on the group's overall results.

The directors said the cash balances remained strong and costs continued to be reduced by closing or disposing of peripheral activities where profit potential did not justify retention.

Following the action taken to resolve the problems of recent years, the group was well placed to seek opportunities for a profitable development of both new and existing businesses.

● comment

Amec has energy-related interests but the oil sector's problems failed to prevent a 28 per cent rise in the construction company's first half pre-tax profits. If cash flow is a sign of a good contractor, then Amec is very good indeed with net cash of £20m which it can use to buy up land for its property development and house-building activities. Loss elimination accounted for Amec's ability to squeeze greater profits out of a reduced turnover; the prospects are good if it can hang on to its margins, since order books are swelling and several major contracts have recently been won. Pre-tax profits of £28m for the full year look achievable which puts the shares at 284p, up 14p, on a prospective p/e of only 9.5.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amec	int	4.5	Dec 31	4	—	11
Arnotts	int	4.5	—	4.5	—	11
Blue Circle	int	6	Oct 20	6	—	21
James Dickie	int	0.5	—	0.5	—	1.25
Frost Group	int	2.5	—	2	—	4.5
Kennedy Smale	int	2	Mar 23	nil	2	nil
Marley	int	1.4	Oct 9	1.4	—	3.75
Murray Income	int	3.6	—	3.3	5.4	5
Murray Income	int	2	—	1.8	11	5.4
Palma Group	int	0.83	Oct	0.75	—	2
Paramba	int	0.45	—	0.45	—	1.25
Pearl Assur	int	17.5	—	15.25	—	44
Pres Entertain	int	0.75	Nov 28	0.67	—	2
Slough Estates	int	2.5	—	2.2	—	5.5
Press Tools		2	—	1.75	3	2.65
A. G. Stanley	int	1.5	—	1	—	2.5
Weir Group	int	1	Nov 19	0.75	—	2.88

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ Carries share option. ‖ Total forecast of not less than 6p.

COMPANY NEWS IN BRIEF

KENNEDY SMALE, property sales and investment, textile products and electrical control gear, raised turnover to £8.24m (£6.53m) and pre-tax profits to £739,210 (£583,646) in year to March 31 1986. Earnings amounted to 10.1p (8.5p). A forecast 2p (nil) dividend will be paid and board propose to include interim of 2p for current year.

TELEVISION SOUTH rights issue has closed with acceptances for 9.74m (97.75 per cent) of the shares. The balance, of 225,754 shares, has been successfully placed.

ARNOTTS pre-tax profits rose from I£595,000 to I£760,000 (£687,000 sterling) for the year ended July 19 1986 but the dividend is unchanged at 4.5p for this Dublin-based department store operator. Turnover was £23.2m (£22.33m).

PRESS TOOLS raised turnover to £3.99m (£3.51m) and pre-tax profits to £401,000 (£336,000) in year to April 30 1986. Earnings amounted to 13.38p (10.68p). Final dividend of 2p makes net total 3p (2.65p). Scrip issue on one-for-five basis proposed.

JAMES DICKIE & Company (Drop Forgings) returned pre-tax profits of £42,119 (£45,977) from a turnover of £2.65m (£2.64m) in the six months to April 30 1986. Second-half turnover and profits will be affected by industrial dispute during April and May. First-half earnings amounted to 1.59p (1.74p). Interim dividend is same-again 0.5p.

ALLIED COLLOIDS' annual meeting was told that profits for the first four months of the current year were well up, and maintaining the level of profitability applicable during the second half of 1985-86. Exchange rates could have an adverse effect but so far that had been relatively small, by comparison with last year's impact.

AE, the motor components group contesting a £244m bid from Turner & Newall, the mining and engineering business, yesterday stressed it was not looking for a "white knight" to escape Turner. No serious approaches by any bidder had been made, Sir John Collyear, AE chairman, said.

PARAMBE net asset value slipped from 54.1p at 31 December 31 1985, to 50.7p at June 30 1986. The interim dividend of this investment company is maintained at 0.45p while earnings per 10p share, after tax of £5,000 (£21,000), fall to 0.33p (1.14p).

UK COMPANY NEWS

Sedgwick profit up 19% to £93m half-time

BY ERIC SHORT

IT HAS been expansion on all fronts for Britain'a largest insurance brokers, the Sedgwick Group.

The group recorded a 19 per cent rise in pre-tax profits at the interim stage from £78.1m to £92.6m. It is further expanding its operations in the US, with a £207m ($307m) acquisition of the Crump Companies Inc, the eighth largest insurance broker in the US; a move which, together with a smaller acquisition of the Armistead Gronp, will make Sedgwick the fourth largest broker in the US.

Shareholders are being asked to put up £186m towards the cost of the Crump acquisition through a one-for-six rights issua at 315p. But they have the sweetener of an interim dividend rise from 3.25p to 4p and the forecast of a final of 8p against 7.75p; this makes a 9 per cent rise on the year from 11p to 12p.

The group reports that satisfactory progress was made during the first six months of thia year, the progress reported in the first quarter being continued during the second.

Brokerage income of the gronp over the six months benefited from the substantial premium rete increases meda in the major insurance markets. However, this beneficial effect was offset both by shortage of capacity in certain insurance markets, particularly in the US, and the weakness of tha dollar relative to sterling.

Overall, broking income increased in sterling terms by 11 per cent from £269.9m to £300.1m. Operetions of the James Gronp, the US brokerage firm ecquired last year, continued the trend set by its excellent first quarter results, with brokerage income np 70 per cent in dollar terms.

Excluding exchange rate movements, pre-tax profits would have shown a further £18m improvement.

The group's insurance company operetions showed a profit of some £2m, against last year's substantial losses

Tax charge was slightly higher at 37 per cent (36 per cent) resulting in earnings 15 per cent higher at £57.5m (£49.9m), or 15.8p (13.7p) per share.

Profit analysis of the group showed that 50 per cent came from the UK, with a further 4 per cent from Continental Europe and 30.5 per cent from the US and 3.3 per cent from Canada and the rest of America.

The agreed acquisition of Crump furthers Sedgwick'e expansion programme to be a dominant force in the US insurance broking field. Crump had revenues of $98m in 1985, with earnings, restated to reflect Sedgwick's accounting policies, of $11.8m. Since 1981, revenues have shown a 32 per cent compound growth eacb year and earnings a 60 per cent compound annual growth.

The group's major strength is in the excess and surplus lines with a network of officee spread mainly in the Sunbelt states. The other acquisition, Armistead, centred in Nashville, Tennessee, will reinforce the gronp'a skills in the energy insurance field.

Proceeds of the rights—£186m—are earmarked for the acquisition costs of Crump, the balence of £21m coming from deht financing from existing sources.

The $32.5m cost of acquiring Armisteed was financed $25.5m in cash and $7m in deht, all from the group's own internal resources and existing borrowing facilities.

Transamerica Group, whicb acquired 39 per cent of the equity of Sedgwick (29 per cent of the voting shares) as e result of the James acquisition, intends to fully take up its rights in order to maintain its equity position. The remaining 61 per cent of the rights bas been underwritten by N. M. Rothscbild & Sons.

Meggitt close to taking Bestobell with 49.5% acceptances

BY CHARLES BATCHELOR

Meggitt Holdings, the specialist engineer, revealed yesterday that lt was close to success in its £85m takeover bid for Bestobell, another engineering group, with acceptances from the owners of 49.51 per cent of Bestobell's shares.

If Meggitt does succeed in winning Bestobell this would be the first time that e contested bid in the engineering sector had succeeded since the failure earlier this year of Siebe'e £220m bld for APV Holdings and of Evered's £160m offer for McKechnie Brothers.

The Meggitt statement, released two daya before Friday's second closing date on the offer, was intended to persuade wavering shareholders that success was within the bidder'e grasp. Meggitt said its casb alteroative would not be extended beyond Friday.

Meggitt started the bidding in mid-July with a strong band in the shape of the backing of Sir Owen Green's industrial holding company, BTR, which held a 29 per cent stake in Bestobell.

The Meggitt share offer baa been eccepted by the bolders of 43.95 per cent of Bestobell'e shares while the cash alternetive has been taken up by e further 5.56 per cent.

Meggitt is offering four of lts own shares for every Bestobell share while there is e cash alternative worth 500p per share. Meggitt's shares rose 2p to 132p yesterday to valua the share offer at 528p for each Bestobell share. Bestobell'e shares rose 4p to 514p.

Bestobell has forecast a near doubling of its profits in 1986 and promised a 150 per cent dividend increase as part of its defence. Pre-tax profits would go up 93 per cent to not less than £9.8m

It also pointed to its resheped hoard of directors, beeded by Mr David Ingman, and to the restructuring of its businesses on a geographical basis.

Meggitt in turn accused Bestobell of repeating many of the arguments it bad used in its defence ln 1979 and eaid e short-term uplift in profits then had been followed by a period of decline.

TSB forecasts profits of £193m

BY NICK BUNKER

TSB GROUP yesterday forecast 1986 pre-tax profits of £193m, close to City expectations of about £185m and 14 per cent up on the 1985 figure of £169.3m. The group earned £96m before tax in the six months to May 21 1986, it said yesterday in the pathfinder prospectus for this autumn's long-awaited stock market flotation.

Since May 21, trading by TSB bas continued to be satisfactory, according to yesterday's document, issued by Lazard Brothers, the group's merchant bank advisers. Group assets in May were £13.2bn, a 7 per cent increase on the November 1985 figure of £12.3bn. Profits after tax in the first half of 1986 were £60m.

Provisions against bad and doubtful debts were £29m in the six months, compared with £49m in the year ending November 20 1985.

Mr Derek Stevens, TSB group finance director, said bad debt experience had been improving, reflecting a "policy of seeking quality business. The group also had only minimal exposure to international debt problems, and much of its UK loan book was concentrated on low-risk mortgage lending. TSB's UK personal lending totalled £3.2bn in 1985, of which £1.5bn was for bouse purchase.

TSB group is now poised to step up a heavy marketing and advertising campaign in advance of its share issue. Between now and September 12, the "Impact Day" when the share price is to be announced, it is to mount presentations to audiences of financial institutions in 12 cities in the UK.

A TSB Group Shere Information Office (tel: 0272 300 300) has also been established to deal with enquiries and distribute special mini - prospectuses (which will also be evailable from TSB and Lloyds Bank branches, stockbrokers to the offer, and other financial advisers).

The offer has been structured to give priority to applications from TSB customers who have beld accounts since December 17 1984, provided they register their priority by September 5.

Up to half the shares will be reserved for priority applications, and for TSB staff who bave been offered about £150 worth of shares.

A loyalty bonus, of one share for each 10 beld, up to maximum value of £5,000, will be offered to bolders of shares allocated in the issue who keep them for three years. There will be two levels of minimum investment, £200 for priority applicants and £400 for the general public.

Payment for the shares will be in two broadly equal instalments, the first on application and the second on September 8 1987.

TSB group, formed from a union between the four UK trustee savings banks, bas 7m personal banking customers bolding more than 13m accounts.

TSB FLOTATION TIMETABLE

Friday September 5:	Closing date for registration as a TSB priority customer.
Friday September 12:	Impact Day. Announcement of share price and other final details.
Tuesday September 16:	Prospectus published in national press.
Tuesday September 23:	Afternoon close of business: deadline for receipt of application forms at TSB branches and collection centres.
Wednesday September 24:	10 am—final deadline for receipt of application forms at receiving banks.
Monday September 29:	Allocations policy expected to be announced.
Tuesday October 7:	Acceptance letters expected to be posted.
Wednesday October 8:	Dealings expected to start.

Broad St. sees sharp profit rise

By Charles Batchelor

Broad Street Gronp, the financial public relations and edvertising company which this week made e reverse takeover of Staneleo, the US-quoted heating equipment group, yesterday carried out a placing of 2.34m sbares to value the company at £9.8m.

Broad Street—formerly known as Broad Street Associates—forecast a sharp rise in pre-tax profits to £850,000 in the year ending October 1986 from £242,000, on operating lncome wbich is expected to rise to £2.89m, against £1.28m.

Total turnover, which includes advertising billings which are passed on to the advertising agencies, will rise from £4.08m to £7.67m.

Broad Street was set up in 1977 by Mr Brian Basham and Mr Michael Preston, respectively its managing and finance directors. It has since expanded to 70 employees bandling accounts for a total of 83 clients.

Broad Street has made its name through its involvement in several of recent City takeover battles — including Argyll Group's abortive bid for Distillers and Guinness ln its successful bid for Bells, the distillers.

The company pointed out yesterday, however, that "special assignments," as opposed to regular contracts with long-term clients, had at their peak — in 1981 — amounted to only 14 per cent of total turnover. They are expected to account for about 10 per cent this year.

"We are seen as firefighters," said Mr Alan Parker, a director. "That perception is skewed."

Broad Street believes there will be continued demand for PR and edvertising services even if bid activity teils off and the stock market declines. The need for sophisticated marketing and investor relations skills will be even greater after "Big Bang," when the Stock Exchange drops fixed commissions in October.

Broad Street bad been planning to seek a market flotation in about nine months' time but Stanelco—described by Broad Street as "a clean sbell with £1m in cash in the books"—was suggested to the company as e vehicle to a quote by a friendly accountant.

All previous growth at Broad Street hed been funded interoally but the USM quotation would allow it to make acquisitions with shares.

Williams de Broe Hill Chaplin, stockbrokers, yesterday arranged the placing of 2.34m shares—10 per cent of the equity—of 10p each at 43p. Broad Street is forecasting a 1.1p dividend for the year ending October.

On forecast profits of £850,000 the earnings per share, assuming a notional 35 per cent tax charge, would be 2.42p for a p/e of 17.7. Adjusting earnings for the £1m raised by Stanelco in June, earnings would be 2.6p per share, a p/e of 16.5.

Sunleigh deal gives FKI a bigger stake

Sunleigh Electronics bas conditionally agreed to acquire from FKI Electricals the share capital of EMI-MEC, a designer and manufacturer of computer controlled automatic lathes.

Consideration will be satisfied by the issue of 4.5m Sunleigh shares which, based on average share prices, values EMI-MEC at £1.32m.

Currently, FKI holds a stake in Sunleigh amounting to 15.3 per cent. Subject to completion of the EMI-MEC acquisition FKI's interest in Sunleigh will rise to 26.52 per cent.

In view of FKI's material interest in Sunleigh, the proposed transaction is conditional upon Sunleigh shareholders' approval. At March 1986 EMI-MEC had net assets of £1.27m. In the 1985-86 year the company incurred a loss of £246,000 after tax and extraordinary items. Turnover totalled £4.78m.

International Appointments

UK COMPANY NEWS

Weir maintains profit upturn

FIRST-HALF 1986 pre-tax profits of the Weir Group, of engineers, showed a rise from £3.79m to £4.16m.

However, the directors said that as yet there was no sign of the turn in general business activity that had been predicted to result from the sharp drop in oil prices. But they still expected the group to continue to build on the solid progress made over the last three years—in which period pre-tax profits have recovered from £5m to £9m.

The directors said that lower oil revenues had also caused further financial problems for some customers, and a consequent deterioration in business conditions in the Middle East which was affecting both the group's current contract activity there and future prospects.

In the first half of 1986 turnover rose from £67.57m to £75m but trading profit fell from £5.22m to £4.82m, with the associates' contribution down to £1.22m (£1.78m)—the investment in Worthington-Simpson was sold at the end of 1985. Interest charges showed a substantial reduction to £665,000 (£1.44m).

During the period the group acquired Tooling Products for £2.8m cash. It is a producer of high precision moulds for plastic automotive components, and complemented the activities of G. Perry.

No figures were included for Yarrow in respect of the period when it was an associate or from profit made on the sale of Weir's shareholding.

Earnings per share for the period rose to 4.9p (4p) basic and to 4.7p (3.7p) fully diluted. As the interim dividend was considered disproportionately low in relation to the final, the current payment is lifted to 1p (0.75p) net.

Cost of that payment rose substantially from £311,000 to £499,000, reflecting the increase and the conversion of the redeemable preference shares into ordinary. At the end of May holders of 2.15m preference elected to convert, and a further 4.17m followed suit in response to the subsequent notice of redemption. That left 25,000 shares which were redeemed.

The group is to take "a contribution holiday" from its pension schemes from last month until the next actuarial valuation, giving a saving of some £1.25m in 1986, as there were surpluses. It had agreed to enhance certain benefits for members.

● **comment**

Although these figures were slightly below market estimates, they did not seem to justify the battering Weir's shares took yesterday, plunging 7p to 109p. Pension holidays may represent the icing on the cake, but an extra £1.25m on pre-tax profits is not entirely unpalatable. A pre-tax profits target of around £12m for the full year now looks likely, with the profits from the sale of the Yarrow stake being taken below the line. The first half figures show that the dropped contribution from associate companies resulting from the disposal of Worthington-Simpson was balanced out by the interest savings caused by the sale consideration. Leaving those factors aside, the rather sluggish growth in profit reflects slack demand in Weir's oil-related business. Despite the failure of the Yarrow bid, Weir may yet be tempted to buy more growth but that will need a rating improvement from the distinctly ungenerous prospective p/e of 6.5.

President Entertainments surges 35% to £571,000

President Entertainments, the theme restaurant group which switched from the USM to a full listing in May, raised its profits before tax by 35 per cent in the first half of 1985 to £570,591, the traditionally quieter six months of its year.

The lack of North American tourists to London earlier in the year affected the theatre restaurants division but other sectors of the group performed extremely well.

Mr Robert Earl, the chairman, said yesterday that the restaurants in Orlando, in the US, were particularly successful and that he was quietly confident that the trend in the US would continue.

Despite indications that North Americans were starting to return to Europe, the directors' strategy was to build a broader-based restaurant group. Mr Earl pointed out that the President Entertainments no longer depended on overseas visitors because with its new popular restaurants division it was enjoying a greater proportion of business from the home market.

It was the intention of the directors to expand rapidly over the next few months in this direction. Currently the group remained on target for its expectations for the year.

The first six months saw turnover increase by 60 per cent to £5.02m (£3.14m) and profits at the pre-tax level advance to £570,591 (£422,556).

Earnings after tax £146,236 (£149,776) came through at 2.65p (£1.94p) and in view of the results and a measure of the directors' confidence in the future, the interim dividend is being lifted from 0.67p to 0.75p net per 50p share.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Alida, Arncliffe, T. F. and J. H. Braime, Britannia Arrow, British Petroleum, L. M. Ericsson, Federated Housing, Ladbroke, Lec Refrigeration, Pacific Assets Trust, Fenlend Industries, Refuge, United States Debenture, Wingate Property Investment.

Finals: Albany Investment Trust, Smith St Aubyn.

FUTURE DATES

Interims—

Angle American Gold Invest.	Sept 4
Beattie (James)	Sept 2
Biomechanics International	Sept 24
Booker	Sept 9
British Aerospace	Sept 10
Church	Sept 1
Collins (William)	Sept 4
Gibbs and Dandy	Sept 5
Hartone	Sept 10
Inchcape	Sept 29
Jones (A.)	Sept 1
London United Investments	Sept 10
Lowe Howard-Spink and Bell	Sept 9
MacLellan (P. and W.)	Sept 4
Oilfield Inspection Services	Sept 3
Quick (H. and J.)	Sept 3
Southampton, Isle of Wight and South of England Royal Mail Steam Packet	Sept 12
Tarmac	Sept 22
Thomson Organisation	Aug 29

Finals—

Flogas	Sept 1
Haynes Publishing	Sept 11
Owen and Robinson	Sept 4
Sigmex International	Sept 10

Pearl profit doubled to £9.4m

By Alice Rawsthorn

Pearl Assurance announced yesterday that it had more than doubled net profits to £9.4m in the first half of 1986, compared to £4.16m in the same period last year, because of a reduction in losses in its general insurance division.

"Our problems last year restricted to certain aspects of reinsurance," said Mr Eimon Holland, Pearl's chairman. "As you would expect we have taken action to redress those problems. The performance of the general insurance division was much improved, but we will not be content until it makes a positive contribution to profits."

In the life division net profits rose by more than 17 per cent to £10.65m (£9.07m). Within the ordinary branch, where profits increased to £5.5m (£4.55m) new annual premiums rose by 6 per cent and new single premiums by 124 per cent. The company attributes the rapid rise in single premium business to growth in its unit linked assurance activities.

Within the industrial branch profits rose to £4.9m (£4.2m), reflecting an increase in the average premium per policy and more modest growth in new annual premiums.

Last year Pearl suffered badly in its reinsurance activities, producing a trading loss for the general branch of £6.02m in the first half of the year. The company has since reduced its exposure to reinsurance and losses have fallen accordingly, to £2.81m. The underwriting loss was reduced to £9.69m against £15.12m.

In the property sector underwriting losses fell to £4.68m (£5.73m) reflecting the more clement winter weather.

In the reinsurance account the trading loss was reduced to £870,000 (£3.25m). Pearl expects that the marine, transport and aviation account will produce similar results to those last year.

The two unit linked subsidiaries are both faring well, according to Mr Holland.

The board proposes to pay an interim dividend of 17.5p per ordinary share, compared to 15.25p

● **comment**

With last year's interim results Pearl surprised the City for, perhaps, the first time in its staid but solid history. This set of results suggests that Pearl's business has developed in line with market trends in almost every area of activity. The City rewarded this return to form by leaving the share price unchanged at £14.75. The growth in life business is respectable, if far from sparkling. Although the benefits of the Alliance & Leicester Building Society liaison are only just beginning to filter through and should make an impact from 1980 onwards. But the much reduced general division is on course for a far smaller loss next year and profits thereafter. The combination of recent rate increases and the traditional strength of the second half should boost profits to £25m, producing a prospective p/e of 21.5, for the full year. Although the progress of the share price will depend as much on whether a much-rumoured bid from the Trustee Savings Bank materialises, after the flotation, than en Pearl's profit performance.

Clive Wolman highlights the threats facing the investment trust sector

Giants endangered by the Big Bang

LAST WEEK'S agreed bid for the £330m Philip Hill Investment Trust, which will be the largest trust ever to be liquidated, highlights the threats confronting the giants of the £20bn sector as the upheaval in the UK's securities markets approaches.

The Philip Hill board, led by Lord Keith of Castleacre, has employed a variety of devices to ward off its demise in the face of mounting criticism of its poor investment performance over the last five years.

In the end, the bid from Mr Robert Maxwell's British Printing & Communication Corporation, was accepted by the directors only because the alternative, urged by a disgruntled majority of its shareholders, was even less attractive to them.

Four aspects of the takeover indicate the developments that are likely to accelerate the shake-up of the trust sector:

● Philip Hill's leading institutional shareholders, including insurance companies such as Eagle Star Insurance that have traditionally been reluctant to take aggressive action in the sector, banded together to impose radical change on the board.

● The proposal that won the support of most shareholders, before Mr Maxwell appeared, was that the trust's traditional managers be sacked and the assets managed in a purely passive way so as to match a UK stock market index.

● A £330m takeover which would have been remarkable for its size only four years ago barely raised an eyebrow in this era of mega-bids.

● As soon as Mr Maxwell's bid was announced, he was approached by several foreign-owned securities houses that have been building up a presence in London, including Japan's Nomura Securities and Merrill Lynch of the US, with offers to buy the entire £330m Philip Hill portfolio at a discount and liquidate it themselves.

Investment trusts, after a period of rapid growth and popularity in the 1960s and early 1970s, have never been able to recover from the stock market slump of 1973-74.

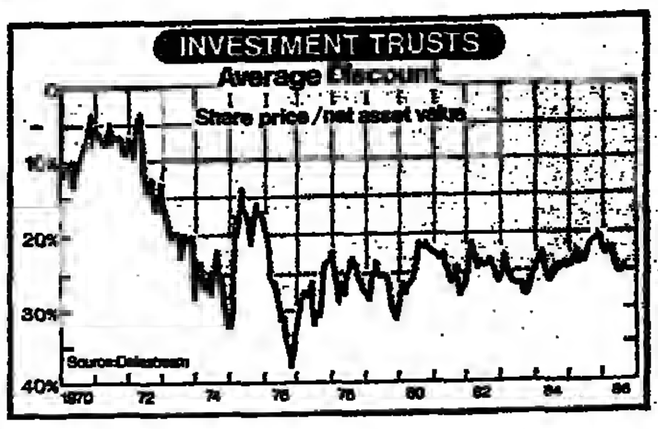
Boosted by tax incentives and fewer marketing constraints, insurance and unit trust salesmen have lured away their individual shareholders whom the institutions have been reluctant to replace. Consequently, for the last 13 years, investment trust shares have been trading at discounts of between 20 and 40 per cent to their net asset values.

This has made them a sitting target for any predator prepared to buy the shares cheaply, liquidate the trust and sell off the underlying assets at close to their full value and thus at a substantial profit.

There have been occasional flurries of such corporate activity over the last 10 years, which have gathered pace since late 1984. But, generally, investment trusts have escaped the fate of their US closed-end fund counterparts, as their shareholders have made no concerted effort to shrink the sector until the discounts disappear.

Some of the factors that have deterred the institutional investors will remain after the "Big Bang," the de-regulation of the Stock Exchange in October. In particular, insurance companies, which own more than 40 per cent of investment trust shares, will continue to crystallise substantial capital gains tax liabilities if they sell their longstanding trust holdings in a takeover.

But the changes associated with Big Bang should generally act as a catalyst for investment trust takeovers. The most direct consequence is that



the costs of buying sufficient trust shares to win majority control and then liquidating the portfolio will be cut.

Stamp duty is to be halved, other dealing charges will be squeezed and the greater number of market-makers in the larger trust shares will enhance liquidity and facilitate the accumulation of a hostile stake.

More important, a predator should find it easier, before making a bid, to pre-sell the target trust's entire portfolio of securities. The buyer, as suggested by the Philip Hill case, will usually be a large securities house or financial conglomerate which is backed by sufficient capital to take on the risk of holding a portfolio of £100m or more until it has redistributed the securities amongst its network of clients.

The rapid increase in liquidity in the financial futures and traded options markets, in particular in the contracts on the FTSE-100 stock market index, will multiply the possibilities for hedging and laying off some of the risks of pre-buying an investment trust portfolio.

The growth of passively-managed index-matching funds will not only provide a tempting alternative strategy for trusts that fail to beat the index but also add to the possibilities for pre-selling or hedging portfolios that are ripe for liquidation.

The large US securities houses that are building up their London operations and are anxious to break into UK corporate finance are the most likely to take a lead in financing investment trust take-overs, although so far their record has been characterised more by talk than action.

Mr Charles Mitchell, an investment analyst at stockbrokers Phillips and Drew, points out that many US houses have experience of liquidating closed-end funds. "The Americans can deploy large amounts of money very quickly," he says.

One permutation, known as "constructive cannibalism," would be for a US firm to buy majority control of an investment trust, but keep its stock market listing and use it to take over and liquidate other, weaker trusts.

The first vehicle of this sort, set up two years ago when another trust run by Philip Hill Management, 1926, was taken over has in fact failed to make any aggressive bids. But a more recent cannibal, the Ensign Trust, controlled by the Merchant Navy Officers' Pension Fund, is currently bidding £86m for the Berry Trust, which is managed by GT Management.

The influx of Americans points to another change, the break-down of the traditional relationships between City institutions which have inhibited one from launching a hostile bid to take over a trust managed by another. Most trust managers belong to a closely-knit network of City merchant banks or Edinburgh investment houses.

These inhibitions were highlighted recently when Harvard Securities, a firm which has frequently clashed with the City establishment over its aggressive share-selling tactics, made a bid for City and Foreign Investment, a trust managed by MIM, the former subsidiary of merchant bank Samuel Montagu, and its powerful chairman, Mr David Stevens.

The institutional investors rejected the bid even though the cash offer was well above the asset, and anticipated future, City and Foreign share price.

But the greater competitiveness and standards of disclosure after Big Bang will probably compel investment managers to seek out the best deal for their clients even if they upset long-established relationships.

According to Mr Garth Milne, of stockbrokers Laing and Cruickshank, who have initiated several of the more imaginative changes in the sector in recent years: "Trusts have not followed other industries, in which the good took over the bad long ago. They are the most establishment-oriented sector. But on October 27 the establishment is being broken into.

Property demand boosts Slough

A MUCH improved demand for property had helped bring an increase in Slough Estates' first half 1986 profits from £19.9m to £24.15m pre-tax, the directors said.

Sir Nigel Mobbs, chairman, said the uplift in demand had also resulted in real rental growth and he was confident that results "will benefit from these trends during the remainder of 1986 and thereafter."

The interim dividend is increased by 13.6 per cent from 2.2p to 2.5p—last year's final payment was 3.3p from pre-tax profits of £39.52m.

Turnover of this industrial and commercial property developer, utility services supplier and merchandise retailer were down at £48.17m (£52.66m), with sales from trading properties falling from £8.5m to £1.54m.

After six months tax of £8.7m (£5.3m) earnings per share are shown as 6.61p, against 5.8p.

Sir Nigel said the first half of the year had been a period of intense activity both in the UK and overseas; the present development programme amounted to 637,000 sq ft in the UK, and 932,000 sq ft overseas.

In the UK construction is under way at Slough, Feltham, High Wycombe, Harrow, Swindon and Isleworth. New leases included 88,000 sq ft to Celltech at Slough and 35,000 sq ft to Floris Merchandise at Wakefield. Sir Nigel said that in the south-east of England generally leasing activity had been particularly strong.

Taxable profits for the interim period were increased by £1.07m (£133,000) after directors reviewed the accounting policy relating to the capitalisation of interest on land held for development in the UK. They decided that, to bring the company more into line with general-sector practice, such interest should be capitalised in the same manner as it is treated for overseas subsidiaries.

Meadow Farm suspended

BY LIONEL BARBER

SHARES in Meadow Farm Produce, the USM-quoted wholesale butchers, were suspended at the company's request yesterday amid market speculation that an offer is about to be made for the group.

This week Meadow Farm's shares have risen sharply. At the suspension price of 270p yesterday, the company is valued at around £13.2m.

For the year to March 1986, Meadow Farm made £1.5m pre-tax profits on £18.7m. Since it joined the USM two years ago, the company has been an active buyer of privately-owned meat suppliers.

Last month, Meadow Farm was outbid by another acquisitive food manufacturer and supplier, Hillsdown Holding, in its attempt to buy North Devon Meat. Hillsdown paid £3.5m.

At that time, Meadow Farm launched a rights issue raising £11.2m, partly to pay for North Devon Meat. When the deal fell through, Meadow bought DT Duggin for £1.3m cash, leaving it with strong cash balances.

Analysts said yesterday that this could leave Meadow vulnerable to a bid. But the shares are narrowly traded and the share price rise could signal that Meadow is itself about to make an attractive purchase, they said.

Palma continues recovery

Palma Group continued its recovery in the first half of 1986, and yesterday announced pre-tax profits of £436,000 compared with previous losses of £60,000. For 1985 as a whole it achieved £613,000.

Turnover for this Leicester-based knitted products group, fell from £8.37m to £7.92m, but Mr Peter Bailey, the chairman, pointed out that last year's figure included £2.35m from discontinued activities.

The second half generally produced better results, he said, and the activities of the group continued to progress. Management's two objectives were to increase earnings and reduce gearing.

Earnings for the six months are shown as 1.77p per share against losses of 0.65p. The interim dividend is stepped up from 0.75p to 0.825p.

It was too early to forecast the outcome for the year, but given the prospects, the board anticipated being able to recommend an increased dividend. Last year's final was 1.25p.

Group borrowings at June 30 had been reduced, the chairman said, and he expected a further reduction for the year as a whole.

The tax charge was £33,000 (nil) and taking into account prior year losses and capital allowances, the directors anticipated that tax for the year would be similarly low. After an extraordinary credit of £22,000, attributable profits worked through at £425,000.

The chairman added that the planning appeal on the Margate site had been heard and the board expected to learn the outcome before the year-end.

Frost lifts profits 29%

ALTHOUGH turnover fell from £44.21m to £33.63m in the half year ended June 30 1986, pre-tax profits of the Frost Group rose by 29 per cent to £912,000 against a previous £708,000.

The chairman of the group said each of its three operating divisions, financial services, petrol retailing and sales promotion, had again recorded increased profitability, and the second half had started well.

The interim dividend is lifted from 2p to 2.5p. Earnings per share improved from 4.9p to 5.11p.

The chairman said the reduction in turnover and increase in margins was a result of the previously announced policy of shedding low-margin business. The company's expansion into higher margin freehold petrol sites was continuing. The net cost of site closures in the period was £59,000 and would be written off as an extraordinary item at the year-end.

Tax for the half-year was £190,000 (£174,000), and with minorities of £82,000 last time, attributable profits came through at £722,000 (£452,000). Dividends absorb £354,000 (£184,000).

APPOINTMENTS

Joining Mowlem International board

Mr Denis Yell and Mr Wynn Kenrick have been appointed to the board of MOWLEM INTERNATIONAL. Mr Yell joined Mowlem in 1968 and has held various posts in East Africa, Diego Garcia and the US as well as the UK. He is now contracts director of Mowlem International. Mr Kenrick joined the Mowlem group in 1965, working in East Africa for 10 years from 1973. He is currently UK project manager for the Laing-Mowlem-ARC joint venture which is building Mount Pleasant Airport in the Falklands Islands.

★

Mr Clive Greaves, worldwide publishing director of the Economist, has been appointed chief executive of MARSHALL CAVENDISH, part of Times Publishing Berhad, a subsidiary of Singapore's publishing and newspaper conglomerate, Singapore Press Holdings.

★

TOWERS, PERRIN, FORSTER & CROSBY has appointed Mr Keith Exall as director of marketing. His responsibility will extend across Towers Perrin's actuarial, pensions and remuneration consulting as well as Cresap, McCormick & Paget's general management consulting and Tillinghast's life and casualty insurance consulting. Mr Exall was formerly Far East regional manager for TPF&C based in Tokyo. Ms Mary Milnes has been appointed head of publicity. She was formerly publicity and publications manager for Coopers & Lybrand.

★

GRANT THORNTON has appointed Dr Alexander Young as partner in charge of Bradenham, the firm's training centre.

★

MULTI CONSTRUCTION (UK) has appointed Mr Robert N. Bignold as managing director of Multi Construction Developments. He joins the company from Anglo City Properties, where he was a director.

★

Mr Chris Dean has joined BANK OF AMERICA as head of corporate Foreign Exchange trading in London. He was with Barclays Bank. Mr Nicholas G. Alicabiotis has moved from Bank of America, Los Angeles, to become manager of the bank's London branch money trading.

★

Major-General N. St. G. Gribbon has been appointed a director of CHANCELLOR INSURANCE COMPANY, UK subsidiary of Phoenician Holdings of Vancouver.

★

CLAY & PARTNERS, consulting actuaries, have admitted Mr Bob Thomson as a partner from September 1.

★

STEEL BROTHERS HOLDINGS has appointed Mr David O. Kinloch, an executive director of The British & Commonwealth Shipping Company, as a non-executive director.

★

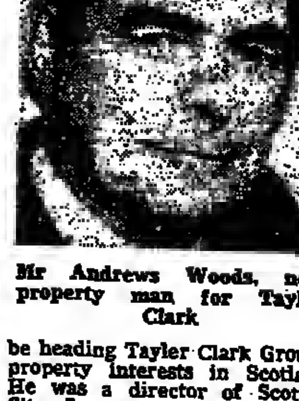
Mr David W. Bainbridge has been appointed a director of the aerospace & defence group of SMITHS INDUSTRIES. He is responsible for the group's international press and public relations.

★

Mr Donald Spiers has been appointed as the first head of profession of the DEFENCE ENGINEERING SERVICE. He will continue in his current post as deputy controller aircraft in the Ministry of Defence. The head of profession is responsible for ensuring that academic and professional standards in the DES are maintained. He also advises on professional aspects of personnel policy and senior appointments and promotions. Mr Spiers will be assisted by two deputy heads of profession, Mr Martin Peters, director general aircraft 1, will become deputy head (land and air systems). Mr William Sanders, director general submarines, will become deputy head (sea systems) and head of the Royal Corps of Naval Constructors.

★

Mr Andrew Woods has been appointed to the boards of CALEDONIAN ASSOCIATED PROPERTIES and a new development company TAYLOR CLARK (SCOTLAND). He will be heading Taylor Clark Group's property interests in Scotland. He was a director of Scottish Site Improvements and Stock Conversion.



Mr Andrews Woods, new property man for Taylor Clark

★

Mr Gordon Ruxton has been appointed joint managing director of AEA, West Drayton duct-work specialist recently acquired by Flakt. Mr Ruxton — previously head of Flakt's products division — will have special responsibility for sales and marketing. Mr Peter Kershaw retains his position as joint managing director in charge of technical management, production and administration. Flakt is the UK subsidiary of the Stockholm-based Flakt AB Group.

S. W. FARMER GROUP has appointed Mr Roy Davis and Mr Richard Arniss to the board. Mr Davis has become deputy chairman. Both Mr Davis and Mr Arniss are directors of RCR International which holds a 26 per cent of the company.

★

At PHOTO-ME INTERNATIONAL Mr John Currie, who intends for personal reasons — to spend an extended period in Australia, has resigned as a director and chairman. He has become vice-president. Mr Dan David has agreed to accept nomination as chairman on a temporary basis. He will not be able to occupy the position on a permanent basis due to his other responsibilities in the PMI group in various countries. Mr Peter Berridge, with the company for 16 years, becomes company secretary.

★

INDEPENDENT ENGINEERING SERVICES, engineering insurance consultants to Lloyd's, has appointed Mr Peter MacDonald as a senior risk engineering consultant. He was with Conoco, and will have special responsibility for offshore business. Mr Peter Relph, formerly of the Central Electricity Generating Board, has also joined IES as a senior risk engineering consultant. He will have special responsibility for utilities business with emphasis on machinery breakdown exposures.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or –	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
160	F.P.	5/9	176	165	Acatos & Hutcheson 50p	176	+1	bd 5.25	2.9	4.2	11.7
§115	F.P.	22/8	162	128	♦Anglia Sec Homes 10p	162	+1	R1.63	5.0	1.4	20.0
§115	F.P.	22/8	125	118	§Atlas Conv'ting Equ 5p	121	......	R4.9	2.3	5.7	10.9
§67	F.P.	8/8	71	68	♦BBB Design Grp 5p	70	......	L1.0	4.2	2.0	16.8
¶¶	F.P.	—	318	280	BTR Nylex A$0.50	300	+11	Q15c	2.7	2.1	17.7
‖‖	F.P.	—	53	41	Bertrams Inv. Tst	42	......	—	—	—	—
§63	F.P.	6/8	69	61½	♦Camotech 10p	63	......	R2.0	2.4	4.5	12.9
100	F.P.	4/9	85	84	Child Med C.IT£1‡‡	85	......	—	—	—	—
¶¶	F.P.	—	100	48	Clayform Warrants	50	......	—	—	—	—
§110	F.P.	12/9	124	111	♦Cofine Int 5p	123	–1	R2.7	3.4	3.1	13.5
134	F.P.	—	157	134	♦F & H Group 10p	157	+2	14.76	2.5	4.3	13.0
§70	F.P.	22/8	74	71	♦Fletcher Den'ys S. 5p	70	–1	L2.5	1.9	5.0	14.9
210	F.P.	—	210	191	G. T. Management 1p	210	......	R3.0	3.4	2.0	17.6
150	F.P.	25/7	168	150	Guthrie Corp	168	+1	u5.3	2.2	4.4	10.8
150	F.P.	15/8	165	156	Harrison Inds. 10p	163	......	g5.0	2.7	4.3	12.2
§92	F.P.	28/8	95	87	♦HOle Ergonom 10p	90	–2	L2.0	3.1	3.1	12.4
§20	F.P.	15/8	25½	21½	♦Hughes Food 5p	23	......	R0.5	2.8	3.1	16.6
105.25	F.P.	—	106	104	India Fund £1	104	–2	—	—	—	—
—	F.P.	29/8	£39	£36	JF Pacific Warrant S.A.	£39	......	—	—	—	—
110	F.P.	5/9	98	90	♦Mariza Dev. 50p	95	–2	R3.13	3.0	4.6	9.1
§33	F.P.	29/8	34	27	♦Omnitech 1p	28	+1	—	—	—	—
§120	F.P.	29/8	120	110	♦Personal Comps. 5p	110	......	R3.0	3.3	3.8	11.2
§113	F.P.	29/8	116	112	St. David's Inv. Tst. Inc.	116	......	H6.8	—	8.3	—
§75	F.P.	29/8	77	75	Do Cap.	76	......	—	—	—	—
§72	F.P.	15/8	165	99	♦Shield Group 5p	160	–5	L2.0	3.1	1.8	23.3
§165	F.P.	1/8	184	157	♦Smallbone 10p	157	–3	u5.0	2.1	4.5	14.7
§110	F.P.	28/8	125	119	Stanley Leisure	120	–1	u3.25	2.8	3.8	13.2
145	Nil	—	14pm	11pm	Sutcliffe Speak Uts†	14pm	......	—	—	—	—
130	F.P.	21/8	158	137	♦TV-am 10p	158	......	R5.75	2.6	5.1	10.6
‖‖	F.P.	—	160	152	VSEL Consortium £1	160	......	W5.68	4.3	5.0	5.0
††	F.P.	—	100	95	Welsh Ind. Inv. Tst. 5p	95	–5	—	—	—	—
106	F.P.	22/8	112	100	Windsmoor 5p	104	......	u3.25	2.3	4.4	14.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or –
**	F.P.	—	155	135	Authority Invs. 8% Cnv. Uns. Ln. 2006-11	145	......
£100	£10	23/10	10¼	9½	Bournem'th & Dist Wtr 10⅛%Rd Db 1996	10¼	......
‖	Nil	—	3ppm	3ppm	Egerton Tst 7% Cv Cm Red Pf	3ppm	......
99.160	F.P.	24/10	101½	99½	Elect & Gen. Inv. 10¼% Deb. 2011	100¾	+½
—	—	—	29	28	JF Pacific Warrant S. A. Pref.	28	......
105.523	F.P.	21/8	106½	98½	Land Securities 10% 1st. Mort. Deb.25	101⅛	+⅝
§99.937	£25	24/10	25¼	23¾	Nationwide 3¾% IL Ln. 2021	25¼	......
—	F.P.	—	100⅛	100	Do 10⅛% 17/8/87	100⅛	–⅛
‖	Nil	16/9	5ppm	1½ppm	Rex Bros. Group 8.6% Cum. Cnv. Prf.	1½ppm	......
‖	F.P.	30/9	106p	100p	Scantronic 5.75% Cnv. Cum. Red. Prf.	104p	–2
‖	F.P.	16/9	103p	101p	Stewart Ent. 6¼% Cum. Cnv. Red. Prf.	101p	——
‖	F.P.	11/9	105	95	Utd Leasing 9½% Cnv. Sub Uns Ln '98—2001	95	......
‖‖	F.P.	—	102	101	VSEL Cons.11% Uns. Ln. 1996	102	......
—	F.P.	—	111p	107p	Wight C'ns Cv. Cm. Rd. Prf. 1999 10p	111p	——

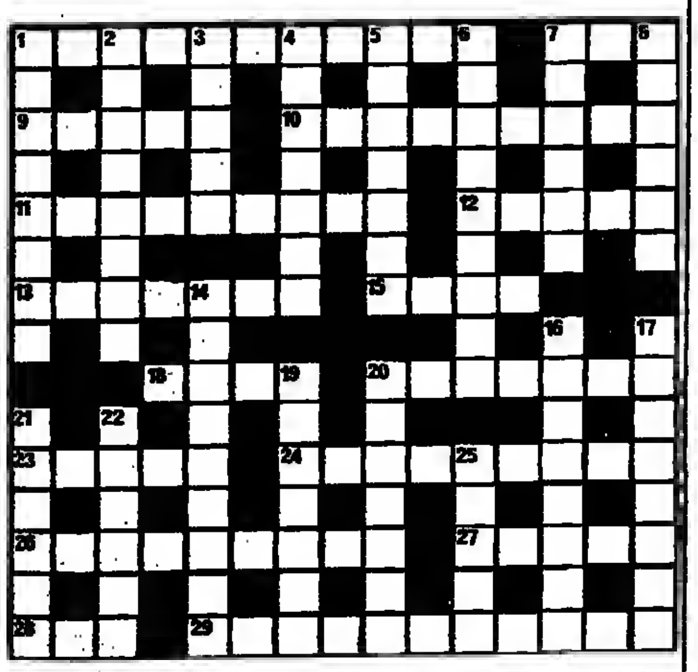
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or –
2	Nil	10/10	3½pm	1½pm	Assoc. Brit. Eng. 1p	3pm	+½
190	Nil	—	15pm	6pm	BBA Group	7pm	+1
39	Nil	10/10	2½pm	1½pm	Blackwood Hodge	2½pm	......
138	Nil	—	3½pm	2pm	Brown & Tawse	2pm	–1½
5	Nil	22/9	38pm	24pm	♦Cityvision 5p	24pm	......
276	Nil	—	30pm	25pm	FII Group	25pm	......
34	Nil	6/10	5pm	3pm	Forward Tech	5pm	......
450	Nil	—	40pm	33pm	Marler Estates	40pm	......
35	F.P.	12/9	70	55	♦Rockwood 10p	70	......
350	F.P.	19/9	401	365	Rowntree Mackintosh 50p	383	......
200	F.P.	18/9	225	217	TVS N/Vtg. 10p	225	......
390	Nil	3/10	117pm	105pm	WPP Group 10p	113pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. 0 Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement † Unit comprising of 1 New Ord., 1 9½% Red Prf. and 1 warrant.

FT CROSSWORD PUZZLE No. 6110

PROTEUS



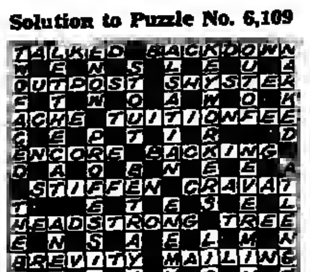
ACROSS

1 Hitch at company rent-collection time in Paris? (11)
7 Determine to become hard (3)
9 Letter responsible for soldier's return to mother (5)
10 Instrument used to ensure chap keeps to party line (9)
11 Perfect resemblance to fastener on old fire-arm (9)
12 Go into some forbidden territory (5)
13 Nothing in report about soldier (7)
15 Time given to sport in German industrial area (4)
18 Quite an achievement we hear for walkers (4)
20 Run over in memory car's involvement with tree? (7)
23 Quietly manage to enjoy first fruit (5)
24 Scoundrel attributing awful crimes to a book (9)
26 Got better when given new coat perhaps (9)
27 Willow one associates with Eros somehow (5)
28 Part of play to produce an effect (3)
29 Mariner lass featured in novel (5,6)

DOWN

1 Plausible contention friend makes for bomb-proof shelter (8)
2 Age not in question when saying "No" (8)
3 Get to certain part of river (5)
4 Instrument wanted by a doctor during pleasure trip (7)
5 Common name for a girl it is said (7)
6 Bird lending weight to conversation (9)
7 Gets on with changes (6)
8 Man taken in by Conservative explanation (6)
14 Hangs on to canned fruit (9)
16 Swimming race involving military body (8)
17 He keeps annoying rest perhaps in wanting to look out (8)
19 Tone-colour novice brings to instrument (7)
20 Is inherent in army teams perhaps (7)
21 Greek city having a role in South Africa (6)
22 Where Camus changed trains initially? (6)
25 King had trouble about love for girl (5)

Solution to Puzzle No. 6,109



AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	15.5	19.7	—	0.15
Pacific Basin	13.2	14.1	-0.1	0.2
Canadian Balncd Grwth	57.6	61.5	-1.1	0.95
Glover Mas	102.5	106.8	+0.3	7.1

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 428431

British Smllr Co's (z)	56.6	58.2xd	+0.8	1.90
British Growth (z)	67.0	68.9	+0.5	2.00
British Income (z)	66.3	68.2	+0.5	5.00
British Extra Yield(z)	51.4	52.9xd	—	7.00

Whittingdale Unit Trust Managers
2 Henry Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	67.9	69.0	—	0.00
U.S. Govmnt Bond F	50.512	0.515	+0.003	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Cowdl & Equity Tst	48.9	52.1	+0.7	7.60
Growth Trust	51.3	54.6	—	2.29
Income Trust	51.0	54.6	—	5.18

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	68.7	72.2	—	2.97

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	124.0	132.0	+0.2	3.36

INSURANCES

AA Friendly Society
Investment Mngr: M & G Inv Mngt Ltd
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy Aug 0	—	103.1	—	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	206.9	217.8	—	—
Equity Ser. 1	[illegible]	[illegible]	+0.9	—
Prop. Acc. Ser 2	278.5	293.2	—	—
Equity Ser 2	111.8	116.9	+1.0	—
Selective Acc	238.3	250.9	+1.2	—
Prop. Ser. 4	219.8	231.4	—	—
Equity Ser. 4	114.3	120.4	+0.9	—
Fixed Inc. Ser. 4	191.7	201.8	+0.1	—
Indexed Inv. Ser. 4	115.1	121.2	-0.1	—
American Ser. 4	262.6	276.5	+4.3	—
High Inc. Ser. 4	283.4	298.4	+1.7	—
Japan Ser 4	251.8	265.1	-1.3	—

City of Edinburgh Life Assurance
4b Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Ivory & Sime Bond	99.8	105.0	—	—
Risk & Reward Bond	117.0	124.0	—	—
Murray Johnstone Fd	121.0	128.0	—	—
Money Market Fd	100.0	106.0	—	—
Ivory & Sime Pens Fd	101.0	107.0	—	—
Risk & Reward Pens Fd	99.0	105.0	—	—
Murray J'stone Pens Fd	118.0	125.0	+1.0	—
Money Market Pens Fd	100.0	106.0	—	—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

Current Series

Property Fund	111.2	117.1	—	—
Money Fund	221.3	233.0	—	—
Managed Fund	410.7	432.4	+1.1	—
Equity Fund	252.1	265.4	+0.7	—
Fixed Interest Fund	150.7	158.7	+1.4	—
Far East Fund	221.0	232.7	-0.6	—
North American Fund	178.8	188.3	+0.7	—
Natural Resources Fund	131.1	138.0	-1.1	—
Pension Managed Fund	379.5	399.5	+1.8	—
Pension Equity Fund	239.3	251.9	-2.3	—
Adventurous Mngd Fd	109.5	115.3	+0.8	—
Balanced Mngd Fd	105.6	111.2	+0.5	—
Conservative Mngd Fd	105.6	111.2	+0.5	—
European Fund	103.5	109.0	—	—
International Fund	104.5	110.0	+0.3	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	134.6	141.7	+0.1	—
Equity	150.7	158.7	+0.6	—
Property	108.4	114.2	—	—
Gilt & Fixed Interest	117.2	123.4	—	—
Indexed Securities	101.1	106.5	—	—
Cash	107.1	112.8	—	—
North American	110.4	116.3	+0.7	—
Far East	131.6	138.6	-2.2	—
International	127.0	133.7	—	—
Special Situations	146.1	153.8	-0.1	—
International Income	140.7	148.2	+0.9	—
American Income	118.4	124.7	+1.0	—
European	150.3	158.3	-0.2	—

Flexible Retirement Plan

Mixed	139.4	146.8	+0.1	—
Equity	146.1	153.8	+0.9	—
Property	112.8	118.8	+0.1	—
Gilt & Fixed Interest	124.6	131.2	+0.3	—
Indexed Linked	104.5	110.1	—	—
Cash	115.00	121.1	+0.1	—
North American	116.6	122.8	+0.9	—
Far East	149.5	157.4	-3.4	—
International	136.2	143.4	-0.4	—
Special Situations	165.3	174.1	-0.4	—
European	172.9	182.1	-0.6	—

Executive Investment Pension Plan

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NNV $19.38 +0.06 —

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd $16.81 +0.02 —
Inv. Adv.: M. & G. Inv. Mngt. Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech $18.62 +0.09 —
Dynamic Gwth Fd $20.13 −0.14 —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268
Zero Bond Fund $12.10 12.90 +0.05 —

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int. Cr
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	9.80		+0.05	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fund	9.75	7.23	10.05	6mth
7-day Fnd	9.98	7.21	10.53	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Call Fnd	9.66	7.22	10.15	6-Mth
7-day Fund	9.70	7.25	10.39	6-Mth
Dollar	4.75	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int. Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031-225 8484	
Full Service Chr Acc	9.25	6.80	9.82	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	9.25	6.91	9.99	Qtr
Mth. Int. Chq.	9.25	6.93	10.04	Mth
Allied Arab Bank Ltd				

TRADITIONAL OPTIONS

3-month call rates

Industrials			
Allied-Lyons	30	NEI	11
Amstrad	23	Nat West Bk.	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey	18
BSR	11	Polly Peck	16
BTR	28	Racal Elect.	16
Babcock	17	RHM	20
Barclays	45	Rank Org Ord	45
Beecham	40	Reed Intnl	75
Blue Circle	55	STC	16
Boots	22	Sears	12
Bowaters	30	TI	42
Brit Aerospace	45	Tesco	32
Brit. Telecom	17	Thorn EMI	40
Burton Ord	28	Trust Houses	15
Cadburys	17	Turner Newall	18
Charter Cons.	22	Unilever	120
Comm Union	28	Vickers	40
Courtaulds	26	Wellcome	17
FNFC	17	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs.	30
Glaxo	85	MEPC	32
Grand Met	34	Peachey	24
GUS 'A'	85	Samuel Props	25
Guardian	75	**Oils**	
GKN	32	Brit. Oil & Min.	2½
Hanson Tst.	16	Brit Petroleum	48
Hawker Sidd.	48	Burmah Oil	30
ICI	55	Charterhall	4
Jaguar	38	Premier	3½
Ladbroke	32	Shell	55
Legal & Gen	24	Tricentrol	11
Lex Service	28	Ultramar	18
Lloyds Bank	38	**Mines**	
Lucas Inds	52	Cons Gold	40
Marks & Spencer	18	Lonrho	24
Midland Bk	44	Rio T Zinc	50
Morgan Grenfell	30		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Irish farmers clamour for aid

BY HUGH CARNEGY IN DUBLIN

THE IRISH Government, holding an emergency meeting today to discuss damage caused to crops by severe storms earlier this week, is likely to turn immediately to the EEC in its efforts to aid the country's hard-hit farmers.

Even before the tail end of Hurricane Charley came scything in from the Atlatic on Monday, farmers' organisations were clamouring for belp to offset the effects of two years of miserable weather. Real farm incomes were down by 17 per cent last year and net output declined by 4 per cent in volume terms with significant falls again forecast in 1986.

Last week, Mr Austin Deasy, the Agriculture Minister, upset the industry when turned ...... the industry when he turned down appeals for cash aid, saying report of a countrywide crisis in fodder and cereals production were exaggerated. This week he admitted the worst storms for years had "radically altered the situation."

A few statistics show why no Irish Government can afford to neglect its farmers. Agriculture, of which dairy, beef and cereals are the main components, accounts for 11.5 per cent of GDP, compared with EEC average of 3.8 per cent. One-third of all exports come from the agricultural sector and total direct and related employment makes up some 35 per cent of the werkforce. It is a vital prop of the economic and social fabric.

The Government's first move in the current emergency will be to apply to the EEC for an early devaluation of the Irish Green Pound in line with the actual currency's 8 per cent devaluation within the European Monetary System earlier this month. Mr Deasy has already been in touch with Mr Frans Andriessen, the Community's Farm Commissioner, to try to ensure that the devaluation is agreed at the next EEC Farm Council meeting in mid-September.

Devaluation of the green pound would benefit farmers by raising EEC farm support prices in actual currency terms.

Government officials said yesterday more time was needed to assess the full effects of the storms, which in some eastern areas saw three inches of rain fall in 24 hours, before decisions were taken on calls from the two main farmers' organisations, the Irish Farmers' Association and the Irish Creamery Managers' Association, for Government and EEC cash aid.

The two crops most affected by the bad weather in the past two years are fodder, in the form of hay and silage, and cereals. It is these that were further jeopardised by the storms. The farm advisory service, Acot, issued a report last week which estimated fodder deficits of up to 30 per cent in the poorer areas of the north, north-west and south-west, a shortfall which hits the smallholders typical of those areas especially hard.

The Cereals Association of Ireland also said last week that grain producers, who are mostly in the Midlands and east, were up to three weeks behind with the harvest and there were predictions of yields being around 20 per cent down on last year.

The Government says that between the completion of the Acot report and the arrival of Hurricane Charley, weather conditions improved markedly, allowing valuable fodder to be brought in. It says another spell of improved weather could also alleviate the problems facing cereal growers and so the Department of Agriculture is adopting a cautious approach.

The Government's attitude has not deterred the IFA and ICMSA, which estimate that up to 30,000 farming families face severe financial difficulties if cash aid is not forthcoming. As well as the Green Pound devaluation they want headage payments to cattle farmers in nominated disadvantaged areas, which are shared by the Government and the EEC, doubled from their present level of I£38 (£34.80 sterling) per beast. They have also called for other EEC cash aid and access for farmers to low interest "Euroloans."

The ICMA recently launched a campaign to raise £350,000 from fellow farmers to pay for transporting fodder to affected areas.

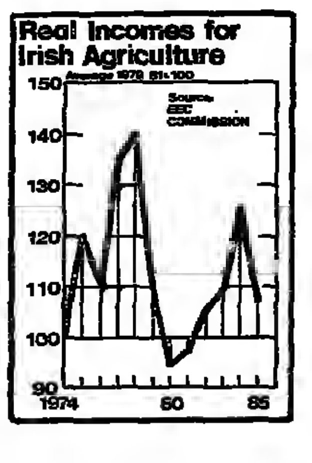
The recent difficulties have to be seen against a background of a heavy fall in real prices and real incomes for Irish farmers since the end of the 1970s when the early benefits of EEC membership turned around dramatically. Since 1979, real incomes have come down by some 50 per cent and in 1979 and 1980 real prices collapsed to 85 per cent of their 1970, pre-EEC levels.

Mr Peadar MacCanna, chief agriculture adviser at the Bank of Ireland, says many farmers have done well to survive this period after the years of rapid expansion in the mid-1970s. Many, especially in the big dairy sector, continue to do well but others have suffered badly from the combination of price declines, high inflation, high interest rates and falling land values. The dairy co-operatives are owed by their members an estimated I£300m and have accounted for a significant part of heavy bank bad debt provisions recently.

In the longer term, EEC Common Agricultural Policy budget cuts and efforts to cut surpluses pose further threats to Irish farming.

Mr MacCanna thinks these problems can be overcome, but his immediate concern is for small farmers in wetland areas. He has warned that "many are reaching the stage where even with state assistance they are not going to make an adequate income to live in dignity and comfort. This has to be recognised by both the Government and the EEC."

He added: "If the weather difficulties are tackled, then agriculture can cope with the transition. If they aren't, then certain regions could suffer traumatically."



Mr Austin Deasy, the Irish Agriculture Minister— "radically altered situation."

Shipment terms still blocking US-Soviet wheat trade

THE US is unlikely to sell any subsidised wheat to the Soviet Union under its recent offer unless Moscow and US grain traders reach some agreement over proposed new shipping terms, Mr Daniel Amstutz, the US Agriculture Undersecretary, said yesterday, reports Reuter from Washington.

"Price levels have not been the issue, the terms have, and there has to be a resolution of these terms," Mr Lamstutz insisted.

"My own sense is that some important elements of that (the contract terms) have to be resolved before we see any business done."

The Soviets last month telexed all grain suppliers demanding new contract terms on sales to Exportkhleb including the right to reject a shipment upon arrival at Soviet ports.

"My guess is that no exporter, be they American or Australian or French, has been willing to sell to the Russians on those terms," Mr Amstutz said.

Grain exporters have been meeting with Soviet officials to try to negotiate a compromise over the issue. Grain traders said a senior official of Continental Grain Co of New York was in Moscow this week for such talks. Senior officials of Cargill, Louis Dreyfus and Bunge said they also have been discussing the issue with the Soviets.

US grain traders said the main sticking point of the negotiations over terms is the Soviet demand for the right to reject shipments after arrival. Executives of grain companies said other Soviet requests, such as on-site monitoring of grain loading, might be acceptable.

Mr Amstutz defended the USDA decision to keep the Soviet wheat subsidy offer at $13 per tonne.

"The best information I have is that we're right on the market for hard red winter wheat," he said, adding that the USDA believes the prevailing world market price is $90 to $92 per tonne.

"We've said if the market conditions would change, we'd reflect that, but they haven't," Mr Amstutz said.

While Mr Amstutz acknowledged that prices for European Community wheat might be quoted as low as $80 per tonne, he said US hard red winter was better quality.

"You can't make bread with French wheat," he said.

Mr Amstutz said USDA policy is to set the subsidy level at the prevailing market price, not to undercut the world price.

"Don't get trapped by people who talk about the subsidy level," Mr Amstutz said. "Of course the subsidy level has been lower (in recent weeks). Market prices are lower."

Speculative limits under review

BY NANCY DUNNE IN WASHINGTON

THE COMMODITY Futures Trading Commission yesterday said it would seek public comment on the need for revisions to federally set speculative position limits.

Speculative position limits set a ceiling on the number of net positions which can be held by individual speculators on US futures exchanges. For the past two years commission staff have been meeting with various exchanges to assess whether current limits are too low and therefore impeding liquidity.

At present the commission enforces federal speculative position limits on futures in contracts for oats, cotton, soyabeans, maize, wheat and potatoes. Limits also exist on certain other, currently inactive, agricultural commodity futures.

The current limits were established before the creation of the commission in 1975. Its predecessor agency, the Commodity Exchange authority, set the limits in response to congressional concern that excessive speculation could cause unreasonable price fluctuations which could then impede interstate commerce.

Under current rules traders are limited to the numbers of net positions they can hold in any one future and in all futures combined. However, the rule applies only to speculators, not to hedgers, and the former are required to file futures- and cash-market reports with the commission.

In 1981 the commission adopted a rule requiring all exchanges to have speculative position limits for all commodities not already limited federally. The New York Cotton Exchange and the Chicago Board of Trade have asked for increases in current speculative limits on cotton, oats, soyabeans and wheat.

The CBT recently withdrew its request. It said the request had been written four years ago and was being reviewed anr possibly revised.

Private storage plan for EEC beef imminent

By Tim Dickson in Brussels

A NEW private storage scheme for EEC beef offering fixed rates of aid to traders is due to be introduced at the start of next month by the European Commission.

Such arrangements, aimed particularly at exporters, are not unusual at this time of year when fattened cattle are being slaughtered, prices are weak, and Community officials are seeking extra ways to take surplus supplies off the market.

Last year's scheme was restricted to male animals but the latest measure, at the instigation particularly of the French, covers male and female carcases as well as half-carcases, and hindquarters and forequarters of specific cuts.

Storage periods can be for seven, eight or nine months but the conditions state that "after two months of storage the contractor can with two working-days' notice withdraw all or part of the contracted meat . . . provided that within 60 days of removal from store it has been exported from the territory of the Community or placed in a victualling warehouse." The beef in storage is also eligible for export refunds.

Denmark's farm exports suffer 9% setback

BY HILARY BARNES IN COPENHAGEN

MRS BRITTA Schall Holberg, the Danish Minister of Agriculture plans to seek additional government funding for the promotion and marketing of agricultural exports, which in the first seven months of this year amounted to DKr 19.8bn (£1.72bn), down 9 per cent compared with the same period last year.

Virtually all export categories shared in the setback, including pigmeat, beef, dairy products, grain, seeds and mink pelts.

The depreciation of the dollar, a general over-supply in world markets and falling EEC subsidies are among the underlying reasons for the export decline, according to Mr Klaus Bustrup, of the Agricultural Council (which represents all the farmers' organisations).

The biggest setback has occurred for pigmeat exports to the US. Exports of fresh frozen pigmeat to the US fell from 41,700 tonnes to 18,300 tonnes in the first half year, while exports of canned pigmeat products fell by 5,000 tonnes to 42,000. This cut the value of exports from about DKr 50bn last year to DKr 37bn this year.

Pigmeat exports to the UK have also fallen, from 82,000 to 73,000 tonnes and the value of DKr 1.63bn to DKr 1.46bn. The falling value of sterling against the kroner is part of the explanation.

Pigmeat exports to Japan fell from 38,300 to 36,600 tonnes and from DKr 1.34bn to DKr 1.31bn, and the Danes have also lost their position as the biggest exporter of pigmeat to Japan to the Taiwanese.

The Danes claim Taiwan is selling at below the minimum price laid down by the Japanese authorities and lodged complaints on this score.

● Tulip, the biggest Danish meat processing company, which accounts for about 20 per cent of all slaughterings, and Danish Crown, with a market share of about 5 per cent, have agreed to merge with effect from September 28. The new group will have a turnover of about DKr 7.5bn a year, 6,000 employees and will slaughter just under 4m pigs a year. This makes it one of the biggest slaughter houses in Europe.

European producers lift zinc prices

By Andrew Gowers

EUROPEAN zinc producers yesterday underlined the recent buoyant state of the zinc market by raising their list prices for the metal by $40 to $880 a tonne.

The latest rise took the European Producer Price (EPP) for zinc to its highest level this year. On the London Metal Exchange, zinc prices actually fell on the day as traders took profits following a rally which had lifted the metal by £34 a tonne in the previous week. Cash zinc ended at £576.75 a tonne, down £3.75.

Analysts said the spark for the latest rally was provided by a continuing strike at Noranda's Valleyfield smelter in North America, which is causing the loss of an estimated 18,000 tonnes of production per month and is understood to have caused metal to be diverted across the Atlantic from Europe. This accounts for a recent drawdown in London Metal Exchange warehouse stocks.

Mr Anthony Hodges, an analyst with Rudolf Wolff, the traders, added:

"There was also an underlying belief that the EPP should rise, because the decline in the dollar had been squeezing the margins of European smelters."

A further factor is the continuing possibility that strike action might resume at Australia's Broken Hill mines, where an interim settlement was reached between workers and management several weeks ago.

Underlying the recent developments is what analysts describe as an increasingly bullish supply-demand picture, with demand holding up in the US and Europe, and Chinese imports increasing again. As a result, demand looks as if it is outstripping supply for the third quarter in a row.

"The market is fairly good, anyway, even without Valleyfield," said Mr Alan Davison of Shearson Lehman Bros. Many traders expect a further rise in the EPP by October.

However, there remains a danger that rising prices could bring recently-mothballed capacity back on stream, cautioned Mr Hodges.

SOCIETE LE NICKEL, SLN, is cutting up to 2,000 tonnes from its 1986 production target of 44,000 tonnes, company manager Mr Paul Bliek said in Noumea, New Caledonia, reports Reuter.

Mr Bliek said SLN was limiting production "to take part in efforts to nurse the market back to health."

SLN produced 22,000 tonnes of nickel in the first half of 1986. It planned to trim output to 10,000 tonnes in the third quarter, and may maintain that in the last quarter, he said.

The production cut, caused by a world price fall and oversupplied markets, will lead to work stoppages, he said.

SLN's 1987 production target was 44,000 tonnes, against 45,000 tonnes produced in 1985 despite sabotage and strikes.

LONDON MARKETS

TUESDAY'S burst of bullish activity in the London cocoa futures market was maintained yesterday with the November position climbing another £25 to a five-month high of £1,506.50 a tonne. Technically inspired buying, triggered by constructive chart patterns, was the main feature of the market but the continued rise was also linked to concern over dry growing conditions in West Africa and Brazil. In the coffee futures market Tuesday afternoon's weaker trend was still in evidence during the morning, when the November position touched a low of £2,140 a tonne. But a strong New York opening encouraged a sharp rally in London and the November quotation ended the day £12.50 up on balance at £2,240 a tonne. Dealers said the early decline was to be expected following the recent dramatic gains.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	760-5-1.5	—0.5	786/785
3 months	770.5-1	—2.6	774/770

Official closing (am): Cash 785-5.5 (784-5), three months 772-3 (771-2), settlement 785.5 (785). Final Kerb close: 770-1.
Turnover: 12,050 tonnes.

COPPER

Grade A	Unofficial close	+ or —	High/low
Cash	874.5	—1.25	875/873
3 months	890.1	—1.75	895/887

Official closing (am): Cash 873-4 (871-1.5), three months 889.5-9.5 (885-7), settlement 874 (871.5). Final Kerb close: 893-3.5.

CATHODES

Standard			
Cash	849-50	—1.5	849/847.5
3 months	866-71	—3.5	—

Official closing (am): Cash 269-9.5 (270-1), three months 272-2.5 (272-2.5), settlement 269.5 (271). Final Kerb close: 258-8.5.
Turnover: 5,250 tonnes. US Spot: 60.0-64.0 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	264-5	—5.0	264.75/268.5
3 months	268-8.5	—4.5	273/258

Official closing (am): Cash 247-7.5 (247-8), three months 257-8 (365-8), settlement 247.5 (248). Final Kerb close: 258-7. US Producer prices 60-60.50 cents per lb.
Total turnover: 44,800 tonnes.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2550-60	+5.0	
3 months	2590-5	+5.0	2605/2590

Official closing (am): Cash 2570-5 (2560-70), three months 2595-5 (2590-5), settlement 2575 (2570). Final Kerb close: 2590-95.
Turnover: 558 tonnes.

TIN

KUALA LUMPUR TIN MARKET— Close: 14.04 (14.00) ringgit per kg. Up 0.04 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	576-7.5	—3.75	578/573
3 months	578.5-9	—3.0	584/574

Official closing (am): Cash 573-3.5 (571-2), three months 578.5-6 (570-1), settlement 573.5 (572). Final Kerb close: 578-8.5.
Turnover: 10,100 tonnes. US Prime Western: 41.50-44.75 cents per lb.

GOLD

Gold fell $1½ to $380¾-381¾ on the London bullion market yesterday. It opened at $377¾-378¼ and was fixed at $377.30 in the morning. The metal touched a low of $377-377¼, but recovered in the afternoon to be fixed at $380.10, [illegible]

GOLD BULLION (fine ounce) August 27		
Close	$380¾-381¾	[illegible]
Opening	$377¾-378¼	[illegible]
M'n'g fix	$377.30	[illegible]
Aft'n'n fix	$380.10	[illegible]

GOLD AND PLATINUM COINS		
Kruger'nd	[illegible]	[illegible]
½ Krug	[illegible]	[illegible]
¼ Krug	[illegible]	[illegible]
1/10 Krug	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
Angel	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
½ New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

SILVER

Silver was fixed 1p an ounce lower for spot delivery in the London bullion market yesterday at 344.85p. US cent equivalents of the fixing levels were: spot 510.25c, down 2c; three-month 517.45c, down 2.15c; six-month 525.35c, down 2.4c; and 12-month 541.25c, down 1.35c. The metal opened at 344-349p (510-512c) and closed at 342-344p (509-511c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	344.85p	—1.00	343.25p	—1.25
3 months	352.75p	—1.10	350.50p	—1.5
6 months	361.10p	—1.10	—	—
12 months	377.90p	—1.15	—	—

LME—Turnover: 43 (28) lots of 10,000 ounces.
Three months high 351p, low 349p, final kerb 350-0.5p.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.57p per kg lw (—0.28). GB—Sheep 147.12p per kg est dcw (—7.06). GB—Pigs 76.44p per kg lw (+0.08). GB—AAPP 96.12p per kg lw (—0.05).

Prices were basically unchanged, keeping in line with dull physical prices, reports Eastern Capital CCST.

Month	LIVE CATTLE Yest'day's close	+ or —	LIVE PIGS Yest'day's close	+ or —
Aug	97.80	—0.40	—	—
Sept	99.50		—	—
Oct	98.50	—0.30	105.30	—
Nov	99.50		105.30	—
Feb	99.00		—	—

Cattle sales: Nil (nil) lots of 5,000 kg.
Pigs sales: 0 (nil) lots of 3,250 kg.

INDICES

REUTERS

Aug 27	Aug 26	M'th ago	Year ago
1433.2	1453.3	1457.3	1875.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug 26	Aug 25	M'th ago	Year ago
Spot	117.55	117.27	—	114.13
Fut	112.04	116.86	—	110.03

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 27 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1285/95	+10	$1285/95
Copper			
Cash Grade A	£874.5	+1.25	£852
3 mths	£890.5	—1.75	£904.25
Gold Troy oz	$381.0	—1.375	$351.5
Lead Cash	£264.5	—5	£256.75
3 mths	£268.25	—4.5	£266.75
Nickel			
Free Mkt	175/182c	+1	177/187c
Palladium oz	$137.50	—6.5	$122.10
Platinum oz	$581.00	+3.5	$448.25
Quicksilver	$155/165		$176/185
Silver troy oz	344.85p	—1.20	339.70p
3 mths	356.75p	—1	340.60p
Tin			
free mkt	£3880/3900		£3880/90
Tungsten	$50.83		$64.4e
Wolfram 22.04lb	$55/49		$42/50
Zinc	£576.75	—3.75	£534.e
3 mths	£578.75	—3	£534.7e
Producers	$840/880		$840
OILS			
Coconut (Phil)	$240z		$240
Palm Malayan	$302.5z		$212.5
SEEDS			
Copra (Phil)	$140w		$140
Soyabean (US)	$163y	—1	$168
GRAINS			
Barley Fut. Nov.	£106.60	+0.05	£106.00
Maize	£160.50		£155.00
Wheat Fut. Nov.	£107.45	—0.40	£106.20
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1506.5	+25	£1444.5
Coffee Ft. Nov.	£2240.0	+12.5	£1873.5
Cotton A Ind.*	37.60c	+1.05	38.40c
Gas Oil Oct.	$136.5	—1.3	$106
Rubber (kilo)	66.5p		66p
Sugar (raw)	$135z	+9	$151.50
Wooltops 64s	356p kilo		356p kilo

COCOA

Futures initially failed to make the levels due, but persistent trade support throughout an active day edged prices higher and commission house buying late in the day ensured a strong close. Manufacturers were withdrawn but light origin sales of actuals were noted, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business Done
Sept	1447-1448	+14.5	1466-1442
Dec	1486-1487	+19.0	1495-1460
March	1540-1543	+25.0	1545-1529
May	1558-1558	+24.0	1565-1545
July	1572-1575	+27.6	1575-1555
Sept	1586-1588	+29.0	1585-1579
Dec	1604-1608	+22.0	1605-1595

Sales: 6,195 (6,108) lots of 10 tonnes.
ICCO indicator prices (US cents per pound). Daily price for August 27: 97.88 (96.48); five-day average for August 28: 95.75 (94.92).

COFFEE

After further profit-taking during the morning, which took levels down £95, the market made a remarkable recovery, buoyed by renewed physical interest and a steady New York market, reports Drexel Burnham Lambert. By mid-afternoon levels had recovered to the previous day and made gains of up to £26. Encouraged by the interest for physicals, levels held to close just off the highs.

COFFEE	Yesterday's Close	+ or —	Business Done
Sept	2290-2292	+37.5	2265-2115
Nov	2236-2240	+12.5	2250-2140
Jan	2250-2255	+15.0	2255-2140
March	2182-2185	+40.0	2225-2075
May	2170-2175	+37.5	2160-2065
July	2170-2180	+55.0	2175-2080
Sept	2160-2190	+60.0	—

Sales: 8,618 (11,140) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for August 26: Comp. daily 1979 172.38 (174.76); 15-day average 153.45 (150.83).

SOYABEAN MEAL

	Yest'rdy's close	+ or —	Business done
October	132.1-133.5	—0.05	133.5-132.0
Dec	131.5-132.0	—0.05	132.2-132.0
Feb	131.0-131.4	—0.20	—
April	128.6-129.0	—0.60	—
June	129.6-130.0	—0.45	—
August	129.6-130.5	—0.40	—
October	131.0-134.0	—0.20	—

Sales: 228 (620) lots of 20 tonnes.

GRAINS

Despite no wheat tenders on futures and an unchanged opening, morning trades were on an easier note with continued uncertainty over quality. Although storekeepers were always keen to sell spot and buy further forward at the narrow differentials available, nearby shipper buying interest was enough to lift values from the lows. Barley found shipper buying at the lows to recover all the earlier losses, reports T. G. Roddick.

Mnth	WHEAT Yesterday's close	+ or —	BARLEY Yest'rday's close	+ or —
Sept	106.75	—0.05	104.15	+0.05
Nov	107.45	—0.40	106.60	+0.05
Jan	109.80	—0.45	109.45	+0.15
Mar	112.35	—0.35	111.90	+0.15
May	114.90	—0.40	113.30	+0.10

Business done—Wheat: Sept 106.90-6.50, Nov 107.65-7.25, Jan 110.15-0.70, Mar 112.35-2.15, May 114.80-4.55. Sales: 440 lots of 100 tonnes. Barley: Sept 104.00-3.85, Nov 106.60-6.45, Jan 109.45-9.30, March 111.50-10.50, May 113.35. Sales: 230 lots of 100 tonnes.

LONDON GRAINS—Wheat: [illegible]

HGCA—Locational ex-farm spot prices. [illegible]

RUBBER

PHYSICALS — The London market opened unchanged, attracted selling pressure throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers): Spot 66.50p (same); Oct 69.00p (same); Nov 69.00p (same). The Kuala Lumpur fob price (Malaysian cents per kilo): RSS No. 1 217.0 (same) and SMR20 187.0 (same).
FUTURES—Index 694, Sept 690-696, Oct/Dec 685-690, Jan/March 695-696, April/June 607-612, July/Sept 609-615. Sales: Nil.

POTATOES

The market was quiet, trading within a limited range, and again finding fair support just above the £170.00 mark before closing unchanged, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	118.00	118.00	118.50-118.50
Feb	118.00	118.00	—
April	175.00	174.50	176.50-171.70
May	189.80	190.00	189.50-189.00
Nov	88.00	88.00	—

Sales: 321 (680) lots of 40 tonnes.
Earlies—Aug 100.00, unchanged; Sept 85.00, unchanged. Sales: Nil lots of 10 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB (§ per barrel)—Sept.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	[illegible]	[illegible]
Brent Blend	[illegible]	[illegible]
W.T.I. (1 pm est)	[illegible]	[illegible]
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	159-156	+6
Gas Oil	132-134	—1
Heavy fuel oil	68-71	—
Naphtha	150-154	—

* October.

In the 15-day Brent market September firmed 10-15c during the morning, and was traded on the exchange of September for October Dubai traded at $13.50 and there was interest in both September and the forward months. Nymex WTI opened 15c up in October by 1.30 pm EDT. In the petroleum products market gasoline barge prices rose sharply due to forthcoming refinery shutdown. Gas oil was quiet in thin trade. Heavy fuel remained firm on utility/end-user buying interest.—Petroleum Argus, London.

GAS OIL FUTURES

Month	Yest'day's close US $ per tonne	+ or —	Business Done
Sep	132.75	—0.25	133.50-132.50
Oct	136.50	—1.50	138.50-135.50
Nov	140.00	—0.75	141.50-138.75
Dec	142.75	—0.75	144.25-142.75
Jan	148.70	—0.50	146.50-144.50
Feb	146.00	+0.50	146.00-144.25

Turnover: 2,129 (2,302) lots of 100 tonnes.

SPOT PRICES

SPOT PRICES — Chicago loose lard 13.00 (same) cents per pound. Handy and Harman silver bullion 511.0 (512.0) cents per troy ounce.

SUGAR

No. 0 Con-tract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]

Sales: 2,189 (1,803) lots of 50 tonnes.
Tate and Lyle delivery price for granulated basis white sugar was £190.50 (£180.50) a tonne for export.
LONDON DAILY PRICE—Raw sugar $133.00 (£89.50), up $2.00 (up £1.00) a tonne for September-October delivery. White sugar $164.00, unchanged.
PARIS—(FFr per tonne): Oct 1232/1234, Dec 1227/1229, March 1237/1239, May 1250/1256, Aug 1312/1325, Oct 1347/1360.
International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for August 26 (August 25) Daily price 5.02 (5.00); 15-day average 5.09 (5.05).

FREIGHT FUTURES

Steady interest in Gulf/Japan rates kept the dry cargo market firm, although some hedge selling was evident, particularly with the October position as far above the spot index, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	758/766	760/750	748/750
Jan.	775/777	781/775	768/770
April	830/831	834/830	830/835
July	748/756	760/750	740/750
Oct.	850/855		840/850
Jan.	880/890	915/910	875/885
April	910/920		910/940
July	850/870		850/870
BFI	854.5		845.0

Turnover: 347 (316).

	Close	High/Low	Prev.
Tankers			
Aug.	1380/1340	1380	1300/1400
Sep.	1100/1180		1150/1180
Oct.	1320/1340		1320/1330
Dec.	1100/1300		1150/1300
Mar.	1050/1150		1100/1290
Jun.	1350		1350
BFI	1170.5		1416.5

Turnover: 8 (13).

US MARKETS

WITH apprehension ahead of today's leading indicators and the Bundesbank meeting tending to cloud much of the activity in the financial futures, the principal interest again focused on the New York platinum and coffee futures, reports Heinold. Both markets traded erratically, with platinum shrugging off initial profit-takir.< lo<es of over $10 per ounce in the leading October position to rally strongly as a series of large stop orders were activated. The market nevertheless stopped short of piercing Tuesday's contract high, which gave rise to further see-saw trading in nervous condtions. Prices eventually settled $4 higher on the day, as speculative concern over the deepening uncertainty of South African supplies continued to back the recent strength. Coffee marginally broke significant technical resistance levels at 205c in the December delivery position to settle at 205.25c per pound, with good trade and renewed speculative support reversing initial losses of some 4c.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb	Close	High	Low	Prev
Aug	52.50	—	—	52.25
Sept	52.50	52.50	52.45	52.35
Oct	52.75	—	—	52.50
Dec	53.05	53.05	52.75	52.70
Jan	53.20	—	—	52.85
March	53.45	53.40	53.35	53.16
May	53.90	—	—	53.50
Sept	54.25	—	—	53.95
Dec	54.25	—	—	[illegible]

COCOA 10 tonnes, $/tonne	Close	High	Low	Prev
Sept	1960	1975	1940	1964
Dec	2032	2057	2030	2030
March	2075	2095	2075	2070
May	2100	2111	2100	2099
July	2120	2142	2137	2130
Sept	2150	2151	2155	2150

COFFEE "C" 37,500 lb, cents/lb	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb	Close	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb	Close	High	Low	Prev
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel	Latest	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz	Close	High	Low	Prev
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons	Latest	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz	Close	High	Low	Prev
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb	Close	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb	Close	High	Low	Prev
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb	Close	High	Low	Prev
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Highlands fish plant planned by Unilever

MARINE HARVEST, part of Unilever, is to set up a £2m salmon packing and gutting plant near Fort William in the Scottish Highlands to handle production from its fish farms in Lochaber and Skye. The project will create 25 jobs in an area of high unemployment.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar fades with rate hopes

THE DOLLAR gave up its early gains in Europe yesterday, and finished slightly weaker on the day. Expectations that today's meeting of the West German Bundesbank council would result in a discount rate cut began to fade, and the most that dealers now consider possible is a largely symbolic reduction in the Lombard rate, the level at which commercial banks obtain emergency loans from the central authorities. At present this is well above money market lending rates. Comments by the governor of the Bank of Japan also dampened hopes of an early cut in the Japanese discount rate.

The dollar was sold as dealers squared positions ahead of the Bundesbank meeting and some important US economic statistics. Today's leading indicators are expected to show a rise of about 0.4 to 0.5 per cent, and tomorrow's trade figures are generally forecast to be in deficit by some $13bn to $14bn.

The dollar fell to DM2.0445 from DM2.0495; to FFr6.7025 from FFr6.7150; to SFr1.6450 from SFr1.6520; and to Y154.65 from Y154.95.

On Bank of England figures the dollar's index was unchanged at 110.8.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3700. July average 1.5089. Exchange rate index rose 0.1 to 71.2, compared with 74.7 six months ago.

£ IN NEW YORK

Aug 27	Latest	Prev. close
Spot	$1.4850-1.4840	$1.4800-1.4810
1 month	0.56-0.42 pm	0.54-0.02 pm
3 months	1.40-1.50 pm	1.46-1.44 pm
12 months	4.65-4.55 pm	5.05-4.98 pm

Forward premiums and discounts apply to the US dollar

Sterling weakened with the dollar in late London trading, to finish at a record closing low of DM3.0350 compared with DM3.04. It also fell to FFr9.95 from FFr9.9625; to SFr2.4425 from SFr2.45; and to Y229.50 from Y229.75, but gained 10 points to $1.4840-1.4850. Earlier in the day the pound was boosted by short covering ahead of UK trade figures, as dealers grew doubtful about Tuesday's rumour of a large deficit. When a small current account surplus of £12m and a cut in the trade deficit to £588m from £623m were announced there was little reaction.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.0415. July average 2.1521. Exchange rate index 140.0 against 134.9 six months ago.

The D-Mark was little changed against the dollar in Frankfurt, after losing ground on earlier speculation that the Bundesbank would cut interest rates at today's council meeting. Expectations of easier West German credit policy led to a rise of the dollar to DM 2.0595 from DM 2.0458 at the Frankfurt fixing, without intervention by the Bundesbank. The central bank was not expected to bow to pressure for a reduction in interest rates, although a cut in the Lombard rate was not ruled out. Apart from squaring of positions ahead of today's council meeting, dealers were reluctant to take new positions in anticipation of today's US leading indicators and tomorrow's July US trade figures. The dollar closed in Frankfurt at DM 2.0480, compared with DM2.0475 on Tuesday.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 153.15. July average 2.1521. Exchange rate index 216.8 against 190.4 six months ago.

The yen lost a little ground to the dollar in Tokyo. The US currency closed at Y155.25, compared with Y153.95 on Tuesday. A rise above Y155 encouraged selling of the dollar, but this was offset by buying pressure, on speculation the Bundesbank may ease its credit policy today. Expectations centred on a possible cut in the West German Lombard rate, rather than the discount rate. Mr Satoshi Sumita, governor of the Bank of Japan, set back hopes of a reduction in the Japanese discount rate, when he said in Tokyo that now is not the time for a further easing of credit policy.

POUND SPOT—FORWARD AGAINST POUND

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4790-1.4865	1.4840-1.4850	0.56-0.53c pm	4.41	7.48-1.43pm	3.92
Canada	2.0625-2.0770	2.0720-2.0730	0.34-0.25c pm	1.71	0.66-0.01pm	1.13
Nethlnd.	3.41¼-3.44¼	3.42¼-3.43¼	1½-7⁄8c pm	4.81	4-3¼pm	6.52
Belgium	62.80-63.17	62.80-62.90	14-11c pm	2.39	36-30pm	2.10
Denmark	11.46-11.53¾	11.48-11.49	¼-1ore dis	−0.65	2¼-3¼dis	−0.98
Ireland	1.0980-1.1065	1.1010-1.1020	par-0.10p dis	0.54	0.05-0.25dis	−0.54
W. Ger.	3.03-3.05	3.03-3.04	1½-1¼pf pm	5.68	4⅞-3⅞pm	5.27
Portugal	215.70-217.95	218.15-217.75	86-176c dis	−7.47	270-495dis	−7.05
Spain	198.05-199.60	198.05-198.45	40-90c dis	−3.94	120-215dis	−3.38
Italy	2090¾-2104¾	2095-2096	2-7 lire dis	−2.58	7-14dis	−2.00
Norway	10.83-10.90¾	10.85½-10.86½	3½-4½ore dis	−4.21	12-12½dis	−4.61
France	6.92¾-9.99¾	5.94½-9.95½	2⅜-1⅞c pm	2.56	5⅝-5pm	2.16
Sweden	10.24¾-10.28¾	10.27¾-10.28¾	¾-¼ore pm	0.66	7⁄8-½pm	0.34
Japan	229-230	229-230	1¼-⅞y pm	5.23	2⅞-2⅝pm	4.56
Austria	21.35-21.61	21.35-21.39	9½-8½gro pm	5.05	23¼-21½pm	4.27
Switz.	2.43¾-2.46	2.43¾-2.44¾	1⅝-7⁄8c pm	8.15	3½-3¼pm	5.58

Belgian rate is for convertible francs. Financial franc 63.70-63.80. Six-month forward dollar 2.73-2.68c pm, 12-month 4.98-4.88c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Aug 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4790-1.4865	1.4840-1.4850	0.56-0.53c pm	4.41	1.48-1.43pm	3.92
Ireland†	1.3360-1.3470	1.3460-1.3470	0.70-0.35c pm	4.71	1.90-1.35pm	4.86
Canada	1.3935-1.3975	1.3960-1.3970	0.30-0.33c dis	−2.71	0.93-0.98dis	−2.74
Nethlnd.	2.3040-2.3255	2.3080-2.3090	0.16-0.13c pm	0.75	0.43-0.38pm	0.70
Belgium	42.30-42.70	42.30-42.40	5-7c dis	−1.69	17-21dis	−1.78
Denmark	7.73¾-7.79	7.73¾-7.74	1.40-2.00ore dis	−2.62	5.75-6.35dis	−3.11
W. Ger.	2.0420-2.0605	2.0440-2.0450	0.25-0.22pf pm	1.37	0.72-0.67pm	1.35
Portugal	145¾-146¾	145¾-146¾	720-1770c dis	−11.86	330-480dis	−11.04
Spain	133.60-134.90	133.65-133.75	75-90c dis	−7.35	210-225dis	−6.46
Italy	1409-1420	1411½-1411½	7-9½ lire dis	−8.98	19½-23dis	−5.99
Norway	7.30¾-1.37	7.31¼-7.31¾	5.10-5.60ore dis	−8.65	15.30-15.70d	−8.43
France	6.69-6.75	6.70-6.70¾	0.70-0.90c dis	−1.42	2.20-2.50dis	−1.39
Sweden	6.90¾-6.95¾	6.91¾-6.92¾	2.10-2.40ore dis	−3.89	8.10-5.40dis	−3.60
Japan	154.50-155.30	154.60-154.70	0.16-0.11y pm	1.04	0.39-0.34pm	0.94
Austria	14.40¾-14.49¾	14.40¾-14.41¾	7½-3⁄8gro pm	9.73	2-1⁄8pm	0.35
Switz.	1.6440-1.6630	1.6445-1.6455	0.28-0.23c pm	1.84	0.70-0.65pm	1.63

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 42.90-43.00.

EXCHANGE CROSS RATES

Aug.27	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.486	3.035	229.5	9.950	2.443	3.426	2096.	2.073	62.85
$	0.674	1.	2.046	154.7	6.705	1.645	2.509	1419.	1.396	42.35
DM	0.329	0.489	1.	75.63	3.278	0.805	1.129	690.4	0.683	20.71
YEN	4.367	6.468	13.22	1000.	43.36	10.64	14.93	9130.	9.031	273.0
F Fr.	1.005	1.492	3.050	230.7	10.	2.456	3.445	2106.	2.083	65.17
S Fr.	0.409	0.608	1.243	93.96	4.074	1.	1.403	857.8	0.848	90.72
H Fl.	0.290	0.433	0.886	66.96	2.903	0.713	1.	611.3	0.605	18.34
Lira	0.477	0.709	1.449	109.6	4.749	1.166	1.638	1000.	0.989	30.00
C $	0.482	0.716	1.464	110.7	4.801	1.179	1.654	1011.	1.	30.53
B Fr.	1.591	2.363	4.829	365.2	15.85	3.886	5.453	3334.	3.298	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

August 27	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	10-10¼	10⅛-10⅜	9⅞-10⅛	9¾-9⅞	9⅝-9⅞	9½-9⅝
U.S. Dollar	6⅛-5⅛	6⅛-6	6⅛-6¼	5⅞-5⅞	5⅞-5⅞	5⅞-6⅛
Can Dollar	7⅞-8⅜	8⅛-8⅜	8-8¼	8⅛-8½	8⅛-8½	8⅜-8⅝
D Guilder	6-6⅛	5-6⅛	5-6⅛	5-6⅛	5-5⅛	5-6⅛
Sw. Franc	15-16	0⅝-8⅞	4⅛-4⅜	4⅛-4¼	4⅛-4⅛	4⅛-4⅜
Deutschmrk	4½-4⅝	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
Fr. Franc	7-7⅛	7-7⅛	7⅛-7⅜	7⅛-7⅜	7¼-7⅜	7⅛-7⅜
Italian Lira	15-20	11-13	11½-12¼	11¼-11¾	10⅞-11⅝	10⅝-11¼
B.Fr.(Fin)	6⅝-7⅛	7⅝-7⅝	7¼-7⅛	7¼-7⅛	7⅛-7⅜	7-7¼
B.Fr.(Con)	7⅛-8	7¾-8¼	7⅞-8	7⅞-8	7⅛-7¾	7¼-7¾
Yen	4⅛-4⅞	5¼-5⅝	4⅛-5	4¾-4⅛	4⅝-4⅛	4⅛-4⅛
D. Krone	9 9⅞	9¾-10¼	9¾-10¼	10 1⅛	10-10⅛	10-10⅛
Asian $ (Sing)	6⅛-5⅞	6⅛-6⅛	6⅛-6⅛	5⅝-5¾	5⅞-5¾	5¾-5⅞

Long-term Eurodollars: two years 6⅝-6¾ per cent; three years 7-7¼ per cent; four years 7¼-7⅝ per cent; five years 7⅜-7⅝ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others two days' notice.

FINANCIAL FUTURES

Gilts lower

Long gilt prices were lower in the London International Futures Exchange yesterday. Most sectors of the market attracted selling during the afternoon when the West German Bundesbank announced its intention not to hold a Press conference after today's meeting of the central council. This underlined a majority view that the discount rate would not be cut just yet.

However there was still a good deal of optimism about and yesterday's news did not really change sentiment. Sellers were evident partly and simply because there was little incentive to buy. This appeared to be a short term attitude however with West Germany and Japan as well as the US expected to end the year with rates lower than at present.

The September gilt opened at 122-04 and touched a high of 122-08 quite early on before quickly running out of steam. Selling developed just before and after the Bundesbank announcement but there was a good steady period around 121-26 before further doubts pushed values to a low of 121-08. It closed at 121-09 down from 121-31 on Tuesday.

US bond prices and Eurodollars acted in much the same way with trading becoming a little erratic in the afternoon. The market also faces the release of US economic indicators today and trade figures tomorrow although volume is likely to be inhibited ahead of the long weekend in the US.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Dec	Mar	June	Sept	Puts—Last Dec	Mar	June	Sept
110	6.00	8.42	—	—	0.38	1.24	—	—
116	4.31	5.16	—	—	1.05	2.01	—	—
120	3.13	4.07	—	—	7.51	2.53	—	—
122	2.11	3.07	—	—	2.49	3.93	—	—
124	1.25	2.19	—	—	3.63	5.01	—	—
126	0.54	1.42	—	—	5.28	6.24	—	—
128	0.31	1.10	—	—	7.05	7.56	—	—
130	0.18	—	—	—	8.54	—	—	—

Estimated volume total, Calls 337, Puts 512
Previous day's open int. Calls 6,330, Puts 1,672

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Dec	Mar	June	Sept	Puts—Last Dec	Mar	June	Sept
90	11.13	—	—	—	0.06	—	—	—
92	8.22	8.21	—	—	0.18	1.13	—	—
94	7.38	7.54	—	—	0.34	1.46	—	—
96	6.64	6.32	—	—	0.60	2.24	—	—
98	4.37	5.18	—	—	1.33	3.11	—	—
100	3.24	4.16	—	—	2.30	4.08	—	—
102	2.26	3.23	—	—	9.22	6.16	—	—
104	1.41	2.39	—	—	4.37	0.31	—	—

Estimated volume total, Calls 26, Puts 26
Previous day's open int. Calls 433, Puts 785

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Sept	Oct	Nov	Dec	Puts—Last Sept	Oct	Nov	Dec
1.30	18.55	—	—	18.55	0.00	—	—	0.21
1.35	13.55	13.05	13.55	13.55	0.00	0.03	0.25	0.66
1.40	0.55	0.55	9.55	0.55	0.00	0.28	0.89	1.65
1.45	3.66	4.10	4.62	5.24	0.46	1.31	2.39	9.44
1.50	0.86	1.54	2.24	2.94	2.66	9.75	5.01	6.14
1.55	0.08	0.41	0.81	1.48	6.88	7.62	8.68	0.68
1.60	0.00	0.07	0.31	0.67	71.80	12.28	18.08	13.87

Estimated volume total, Calls 0, Puts 250
Previous day's open int. Calls 4,084, Puts 5,561

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Sept	Oct	Nov	Dec	Puts—Last Sept	Oct	Nov	Dec
1.35	10.80	—	—	19.80	0.50	—	—	1.50
1.40	8.30	8.30	8.55	8.70	0.20	0.55	1.25	7.00
1.45	3.40	4.15	4.85	5.25	0.55	1.75	2.85	9.65
1.50	0.70	1.70	2.45	2.00	2.95	4.30	0.55	0.35
1.55	0.20	0.60	1.10	1.50	7.45	8.25	8.20	0.95
1.60	0.20	—	—	0.75	11.90	—	—	14.20
1.65	0.20	—	—	0.70	17.40	—	—	19.70

Previous day's open int. Calls 4,569, Puts 2,502
Volume, 102

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Sept	Oct	Nov	Dec	Puts—Last Sept	Oct	Nov	Dec
1.30	17.95	—	—	17.95	—	—	—	0.15
1.35	12.95	12.95	—	12.95	—	0.05	—	0.60
1.40	8.05	7.95	0.10	6.45	—	0.30	0.95	1.50
1.45	3.16	3.75	4.55	5.05	0.35	1.35	2.40	3.00
1.50	0.60	1.45	2.10	2.40	2.50	3.80	6.05	6.80
1.55	0.05	0.30	0.55	1.25	6.70	7.70	8.70	9.40
1.60	—	0.05	0.25	0.50	11.70	12.20	12.90	13.60

Previous day's open int. Calls 39 374, Puts 36,759
Previous day's volume, Calls 2,301, Puts 743

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
92.25	1.89	1.92	1.85	—	0.00	0.00	0.00	—
92.50	1.64	1.67	1.61	—	0.00	0.00	0.01	—
92.75	1.39	1.42	1.37	—	0.00	0.00	0.02	—
93.00	1.14	1.18	1.13	—	0.00	0.01	0.03	—
93.25	0.89	0.93	0.91	—	0.00	0.01	0.06	—
93.50	0.64	0.70	0.70	—	0.00	0.03	0.10	—
93.75	0.39	0.49	0.51	—	0.00	0.07	0.16	—

Previous day's open int. Calls 1,950, Puts 2,240
Estimated volume, Calls 110, Puts 50

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	102-01	102-10	101-16	102-13
Dec	101-10	101-18	100-28	101-21
March	100-09	100-18	99-27	100-22
June	99-12	99-10	99-08	99-23
Sept	98-16	98-17	98-10	98-25
Dec	97-19	97-23	97-15	97-30
March	—	—	—	07-05
June	—	—	—	96-13
Sept	—	—	—	—
Dec	—	—	—	95-03
March	—	—	—	94-17

US TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	94.81	94.83	94.78	94.83
Dec	94.93	94.96	94.92	94.96
March	94.94	94.96	94.92	94.97
June	94.79	94.81	94.79	94.84
Sept	94.67	94.59	94.57	94.63
Dec	94.27	—	94.27	94.95
March	93.98	—	93.99	94.08
June	93.70	—	93.70	93.81

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	—	—	—	94.61
Dec	—	—	—	94.54

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	94.15	94.18	94.13	94.15
Dec	94.16	94.18	94.14	94.18
March	94.09	94.12	94.09	94.13
June	93.92	93.96	93.90	93.96
Sept	93.63	93.71	93.62	93.70
Dec	93.30	93.36	93.29	93.38
March	92.98	93.03	92.96	93.07
June	92.66	92.67	92.65	92.76

LONDON

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	165.65	166.0	164.40	164.65
Dec	168.80	168.80	167.50	167.65
March	171.30	—	—	170.15

Est. Volume 467 (150)
Previous day's open int. 2,568 (2,557)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	121-09	122-08	121-08	121-31
Dec	121-13	122-10	121-12	122-00
March	121-09	—	—	121-25
June	121-09	—	—	121-25

Est. Volume 17,980 (9,212)
Previous day's open int. 16,435 (17,160)
Basis quote (clean cash price of 13½% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds).

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Sept	101-29	101-38	101-25	101-35
Dec	101-35	101-53	101-35	101-50
March	101-35	—	—	101-50
March	101-35	—	—	101-50

Est. Volume 480 (115)
Previous day's open int. 1,251 (1,218)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	94.14	94.21	94.14	94.14
Dec	94.17	94.23	94.16	94.17
March	94.10	94.18	94.09	94.11
June	93.92	94.01	93.91	93.94
Sept	93.64	93.76	93.63	93.67
Dec	93.32	93.46	93.32	93.37
March	92.98	93.15	92.99	93.08

Est. Volume 6,932 (3,651)
Previous day's open int. 21,140 (3,650)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	90.35	90.42	90.35	90.39
Dec	90.78	90.89	90.77	90.79
March	90.81	90.88	90.81	90.83
June	90.71	90.78	90.70	90.72

Est. Volume 1,376 (1,641)
Previous day's open int. 15,249 (15,168)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	101-23	102-01	101-14	101-12
Dec	101-02	101-17	100-30	100-26
March	100-04	100-06	100-06	—

Est. Volume 8,399 (4,809)
Previous day's open int. 5,429 (8,293)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4845	1.4791	1.4700	1.4576	1.4352

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept	1.4810	1.4815	1.4770	1.4785
Dec	1.4670	1.4680	1.4640	1.4646
March	1.4540	1.4540	—	1.4505
June	1.4370	1.4370	—	7.4350

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.4820	1.4805	1.4785	1.4805
Dec	1.4660	—	—	7.4665
March	1.4560	—	—	1.4543

Estimated volume 360 (204)
Previous day's open int. 1,517 (1,818)

CURRENCY MOVEMENTS

August 27	Bank of England Index	Morgan Guaranty Change %
Sterling	71.2	−21.7
U.S. Dollar	110.8	+8.3
Canadian Dollar	76.5	−15.5
Austrian Schilling	151.9	+9.2
Belgian Franc	90.7	−6.5
Danish Kroner	88.5	+0.5
Deutsche Mark	140.0	+18.0
Swiss Franc	169.4	+93.4
Guilder	128.4	+11.8
French Franc	69.6	−13.9
Lira	47.6	−10.1
Yen	916.0	+81.0

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Aug. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.815103	0.688883
US $	5½	1.20679	1.02178
Canadian $	8.63	*	1.42754
Austria Sch	4	17.4876	14.7894
Belgian Fr.	8	51.4706	45.6149
Danish Kr.	7	0.39184	7.94640
D'mark	3½	—	2.10147
Guilder	4½	2.60639	3.37222
French Fr.	9½	8.13376	6.88382
Lira	12	1706.78(l)	1449.31
Yen	3½	187.173	158.468
Norway Kr.	9	8.88319	7.49634
Span'h Pta.	—	162.319	137.808
Swedish Kr.	8	8.36788	7.08254
Swiss Fr.	4	2.00608	1.69554
Greek Drch	20½	165.885	138.063
Irish Punt	—	0.898555(l)	0.763330

* CS/SDR rate for August 26 1.68858. (1) SDR Rate for August 26.

OTHER CURRENCIES

Aug. 27	£	$
Arg'tina	1.4685-1.4740	0.9900-0.9930
Aus'alia	3.4970-3.4510	1.6380-1.6400
Brazil	20.48-20.05	13.77-15.86
Finland	7.2890-7.2995	4.9130-4.9160
Greece	198.46-201.71	134.01-136.80
H'kong	11.5565-11.5645	7.8040-7.8060
Iran	116.60*	76.10*
Kuwait	0.4536-0.4340	0.28730-0.28260
Luxemb'g	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
N Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Sin'pore	[illegible]	[illegible]
S Af (Cm)	[illegible]	[illegible]
S Af (Fn)	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

* Selling rate.

STERLING INDEX

	Aug 27	Previous
8.30 am	71.1	71.0
9.00 am	71.2	70.8
10.00 am	71.2	70.9
11.00 am	71.2	70.8
Noon	71.2	70.9
1.00 pm	71.2	71.0
2.00 pm	71.2	71.0
3.00 pm	71.2	71.0
4.00 pm	71.2	71.1

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.5149	+0.83	+0.61	±1.5368
Danish Krone	7.81701	7.94640	+1.66	+1.54	±1.6403
German D-mark	2.11083	2.10147	−0.44	−0.56	±1.1127
French Franc	6.87318	6.88382	+0.10	+0.04	±1.3659
Dutch Guilder	2.37833	2.37222	−0.26	−0.38	±1.5059
Irish Punt	0.764976	0.763330	−0.22	−0.36	±1.6633
Italian Lira	7476.95	1449.31	−1.87	−1.87	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

MONEY MARKETS

UK rates show little change

Interest rates were little changed in London yesterday in rather quiet trading. Sterling was slightly firmer although there was no prospect of any cut in rates just yet. Hopes were also dampened a little by a less than even chance of a cut in West German rates today. Three-month interbank money was quoted at 9⅞-9¾ per cent from 9⅞-9¹⁵⁄₁₆ per cent and the six-month at 9⅞-9¹⁵⁄₁₆ per cent compared with 9⅞-9¾ per cent. Overnight money traded between 11 per cent and 9½ per cent before finishing bid at 10 per cent.

UK clearing bank base lending rate 10 per cent since May 22

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £483m and Exchequer transactions £150m. There was also a rise in the note circulation of £30m and banks brought forward balances £40m below target. The forecast was revised to a shortage of around £650m and the Bank gave assistance in the morning of £115m through outright purchases of £57m of eligible bank bills in band 2 at 9¹³⁄₁₆ per cent and £58m in band 3 at 9¾ per cent.

Further assistance was given in the afternoon of £340m comprising outright purchases of £2m of local authority bills and £34m of eligible bank bills all in band 1 at 9⅞ per cent and in band 2 £242m of eligible bank bills at 9¹³⁄₁₆ per cent. In band 3 it bought £62m of eligible bank bills at 9¾ per cent. Late assistance came to £165m, making a total of £620m.

In Frankfurt the West German Bundesbank announced its intention not to hold a press conference after today's meeting of the central council. There was a time when the market took this as a fairly firm indication that there was to be no change in interest rates. Over the last two years however this rule of thumb assessment has not always worked.

NEW YORK RATES

(Lunchtime)

Prime rate	7½
Broker loan rate	6⅞-7
Fed funds	6¾
Fed funds at intervention	5¹³⁄₁₆
Treasury Bills & Bonds	
One month	4.47
Two month	5.15
Three month	5.47
Six month	5.56
One year	5.70
Two year	6.08
Three year	6.26
Four year	6.43
Five year	6.60
Seven year	6.79
10 year	7.00
30 year	7.24

FT LONDON INTERBANK FIXING

(11.00 a.m. 27 August)

Three months US dollars		Six months US dollars	
bid 6 ⅛	offer 6 ¼	bid 6 ⅛	offer 6 ¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

August 27	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	8½-11	10-10¼	9⅞-10⅛	9⅞-9¾	9⅞-9⅞	9⅞-9⅞
Sterling CDs	—	—	9⅞-10	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
Local Authority Depos	10-10⅛	10-10⅛	9⅞	9¾	9⅞-9⅞	9⅞-9⅞
Local Authority Bonds	—	—	10⅛	10¼	9⅞	9⅞
Discount Mkt. Depos	8-10⅛	9⅞	9¾	9½	—	—
Company Depos	9⅞-10⅛	9⅞-10¼	10	9⅞	9⅞	9⅞
Finance House Depos	—	—	10⅛	9⅞	9⅞	9⅞
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10⅛	9⅞	—
Dollar CDs	—	—	6.80-5.85	5.65-5.70	5.85-5.70	5.75-5.80
SDR Linked Depos	—	—	5⅞-6⅛	5¾-6	5⅞-5⅞	5¾-6
ECU Depos	—	—	7⅞-7⅞	7⅛-7¼	6⅞-7⅞	6⅞-7⅞

Treasury Bills (sell): one month 9²³⁄₃₂ per cent; three months 9⅝ per cent. Bank Bills (sell): one month 9²³⁄₃₂ per cent; three months 9⅝ per cent. Treasury Bills: Average tender rate of discount 9.2347 per cent. ECGD Fixed Finance Scheme IV reference date July 2 to August 5 (inclusive): 10.009 per cent. Local Authority and Finance Houses seven days' notice, others seven days fixed. Finance Houses Base Rate 10 per cent from August 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9¼ per cent from August 21. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 5½ per cent.

MONEY RATES

August 27	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'tn
Frankfurt	4.30-4.45	4.45-4.60	4.40-4.55	4.40-4.55	4.40-4.55	5.5
Paris	7	7-7⅛	7-7⅛	7-7⅛	7-7⅛	7
Zurich	10⅞-14⅞	5⅛-4⅞	—	4⅛-4⅞	—	—
Amsterdam	4⅞-5	5⅛-5⅞	—	5⅛-5⅞	—	—
Tokyo	4.63125	4.84375	—	4.71875	—	—
Milan	11⅛-11⅞	11⅛-11⅞	—	11⅛-11⅞	—	—
Brussels	6.85	7⅛-7⅞	—	7⅛-7⅞	—	—
Dublin	9½-9¾	9¾-10	10¼-10⅛	10⅜-11	11-11¼	—

Company Notices

BENHAM RUBBER COMPANY PLC

NOTICE IS HEREBY GIVEN that the Sixty-Ninth Annual Ordinary General Meeting of the company will be held at 4 Avenue Guillaume, Luxembourg, on Friday, 19th September 1986 at 12.00 noon to receive the Directors' Report and the Accounts for the year ended 31st December 1985; to declare a dividend; to elect Directors; to appoint Auditors and to fix their remuneration; and for the transaction of any other ordinary business of the company. [illegible]

By Order of the Board INDUSTRIAL AND FINANCIAL SECRETARIAT LTD. Secretaries. 46 Bedford Row, London WC1R 4LL.

[illegible]

THE REPUBLIC OF PANAMA UA 20,000,000 8½% 1978/1993 Bonds

On August 14, 1986, Bonds for the amount of UA 1,000,000 have been drawn for redemption in the presence of a Notary Public. [illegible] Luxembourg, August 28, 1986. The Fiscal Agent Kredietbank SA Luxembourgeoise

Corrective Notice

BLMC LIMITED (Formerly British Leyland Motor Corporation Limited) 14.8.1986

Notice of Redemption FF 100,000,000 7¼% Bonds 1987

[illegible] The Principal Paying Agent CREDIT LYONNAIS LUXEMBOURG

EUROPEAN COAL AND STEEL COMMUNITY US$50,000,000 5¼% 1977-89

NOTICE OF EARLY REDEMPTION [illegible] Luxembourg, August 28th, 1986.

PIONEER ELECTRONIC CORPORATION

[illegible] Pierson, Heldring & Pierson N.V. Herengracht 214, 1016 BS Amsterdam and The Bank of Tokyo Ltd. [illegible] Amsterdam, August 21, 1986 Pierson, Heldring & Pierson N.V.

KUWAIT ASIA BANK E.C. US$45,000,000 Floating Rate Certificates of Deposit 1987/89

[illegible] Agent Bank CHEMICAL BANK INTERNATIONAL LTD.

HOME BREWERY PLC CUMULATIVE PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that [illegible] The Brewery, Daybrook Nottingham NG5 6BU By Order of the Board B. DAVYS Secretary 20th August 1986

Legal Notices

E. C. HARRIS (MIDDLE EAST) (In voluntary liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 30th day of September 1986 to send in their names and addresses, with particulars of their Debts or Claims, and the names and addresses of their Solicitors (if any), to the undersigned William Thomas Tickle of 5, St. Georges Street, Douglas, Isle of Man, the Liquidator of the said Company, and, if so required by notice in writing by the said Liquidator, are by their Solicitors or personally to come in and prove their said Debts or Claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved. This notice is purely formal and all known Creditors have been, or will be, paid in full.

Dated 7th August 1986. W. T. TICKLE Liquidator

Clubs

EVE has outlived the others because of a policy of fair play and value for money. [illegible]

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	100	Exch. 14pc 1986	100	–	13.92	10.31
98	94	Exch. 2½pc 1986	98	+	2.53	9.85
102	100	Exch. 13¼pc 1987	101	–	13.09	9.83
100	97	Treas 10½pcCv '87	100	–	10.24	9.68
97	92	Exch 2½pc 1987	97	......	2.56	7.20
101	97	Exch 10½pc 1987	100	...	10.46	9.72
98	93	Funding 6½pc '85-87‡‡	98	–	6.60	6.88
101	96	Treas 10pc 1987	100	–	9.98	9.54
97	90	Treas 3pc 1987	95½	–	3.11	7.17
104	99	Treas. 12pc 1987	102	–	11.70	9.56
99	92	Treas 7¾pc 1985-88‡‡	98	–	7.91	9.20
104	96	Exch 10½pc '88	101	–	10.34	9.44
102	95	Treas 9¾pc Cv '88	100	–	9.71	9.45
94	86	Transport 3pc '78-88	92	–	3.24	7.22
102	95	Treas. 9½pc '88	99	–	9.51	9.51
107	98	Treas 11½pc 1989	104	–	11.01	9.41
103½	93	Treas 9½pc Cnv. '89	100	–	9.47	9.38
92	82	Treas 3pc 1989	89	+	3.33	7.24
105	95	Treas 10½pc 1989	102½	–	10.24	9.43
104	94	Exch. 10pc 1989	101	–	9.87	9.44
107	97	Exch 11pc 1989	104	–	10.56	9.40
93	94	Treas 5pc 1986-89	91	...	5.50	8.31
110	94	Exch 10¼pcCv '89	105	–	9.74	8.32
114	103	Treas 13pc 1990‡‡	110	–	11.76	9.26
108	97	Exch 11pc 1990‡‡	104	–	10.49	9.30
113	101	Exch. 12½pc 1990	109½	–	11.42	9.33
89	79	Treas. 3pc 1990	86	–	3.50	7.39
100	89	Treas 8¼pc 1987-90‡‡	97	–	8.44	8.93
106	93	Treas 10pcCv 1990	102	–	9.79	9.35
86	76	Exch 2½pc 1990	83	–	3.01	7.11
112	99	Treas 11¾pc 1991	108	–	10.98	9.34
94	83	Funding 5¾pc '87-91‡‡	91	–	6.33	8.13
86	82	Treas. 3pc 1991●	83	–	3.62	7.33

Five to Fifteen Years

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
110	96	Exch. 11pc 1991	106½	–	10.33	9.37
115	103	Treas 12¾pc 1992‡‡	113	–	11.23	9.45
107	92	Treas 10pc 1992	102	–	9.73	9.34
109	94	Treas 10½pc Cv 1992‡‡	104	–	10.02	9.39
117	101	Exch. 12¼pc '92	112½	–	10.69	9.47
123	106	Exch 13½pc 1992	117	–	11.46	9.59
108	94	Treas 10pc 1993‡‡	103	–	9.71	9.38
120	103	Treas 12½pc 1993‡‡	115	..	10.85	9.43
92	78	Funding 6pc 1993‡‡	90	–	6.61	7.75
128	109	Treas 13¾pc 1993‡‡	121	–	11.33	9.56
133	114	Treas 14½pc 1994‡‡	126	–	11.43	9.44
127	106	Exch 13½pc 1994	120	–	11.19	9.62
122	103	Exch 12½pc 1994	115	–	10.80	9.63
104	86	Treas 9pc 1994‡‡	97	–	9.20	9.36
120	101	Treas 12pc 1995	113	–	10.57	9.60
79	68	Exch 3pc Gas '90-95	78	+	3.82	6.23
110	92	Exch. 10¼pc 1995	104	–	9.84	9.54
126	106	Treas 12¾pc 1995‡‡	118	–	10.73	9.60
153	113	Treas. 14pc '96	126	–	11.10	9.69
103	86	Treas 9pc 1992-96‡‡	97	–	9.20	9.35
142	120	Treas 15¼pc 1996‡‡	134	–	11.36	9.70
130½	110	Exch 13¼pc 1996‡‡	122	–	10.78	9.57
84½	74	Redemption 3pc 1986-96	83	.	3.58	5.08
106	101½	Conversion 10pc 1996	102	..	9.72	9.54
151	110	Treas 13¼pc 1997‡‡	123½	–	10.73	9.61
112	94	Exch 10½pc 1997	106	–	9.89	9.56
101	84	Treas 8¾pc 1997‡‡	95	–	9.14	9.38
143	120	Exch. 15pc 1997	134	–	11.13	9.80
107	89	Exch. 9¾pc 1998	101	–	9.58	9.49
88	72	Treas 6¾pc 1995-98‡‡	83	–	8.11	9.11
148	125	Treas. 15½pc '98‡‡	140	–	11.07	9.79
124	103	Exch. 12pc 1998	116	–	10.27	9.62
107	89	Treas 9½pc 1999‡‡	101½	–	9.39	9.33
126½	105	Exch. 12¼pc 1999	159	–	10.29	9.63
114	94	Treas. 10½pc 1999	107	–	9.79	9.50
112	93	Conversion 10¼pc 1999	105	–	9.73	9.51
103	95	Conversion 9pc 2000‡‡	97	–	9.23	9.34
133½	111	Treas. 13pc 2000	125	–	10.39	9.67
111	92	Treas 10pc 2001	104	–	9.55	9.39
137	115	Treas. 14pc '98-01	129	–	10.82	9.74
109	90	Conversion 9¾pc 2001	102	–	9.49	9.41

Over Fifteen Years

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
124	104	Exch. 12pc '99-02	117	–	10.26	9.62
111	92	Conversion 10pc 2002	105	–	9.52	9.38
109	90	Treas 9¾pc 2002	103	–	9.47	9.38
139	116	Treas 13¾pc 2000-03	130	..	10.52	9.68
112	93	Treas 10pc 2003	105	–	9.49	9.36
123	102	Treas. 11½pc 2001-04	115	–	9.94	9.50
112	92	Treas 10pc 2004	105½	–	9.48	9.35
60	49	Funding 3½pc '99-04	56	–	6.21	8.19
108	85	Conversion 9½pc 2004	101	–	9.38	9.35
108	89	Conversion 9½pc 2005	101	–	9.35	9.31

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
317	210	Morgan Crucible	255	–2	8.5	1.7	4.7	16.0
23½	15½	♦Morris (W) F.A. 20p	22	–½	—	—	—	—
141	65	Mysun Grp 10p	132		2.63	2.6	2.8	17.0
365	259	♦NMW Computers	295		6.0	3.0	2.9	17.0
40	27	Nash Inds	40xd		t0.5	—	1.0	—
*27½	15½	Neil & Spencer 10p	20		♦	—	—	—
39	28	Newman Inds 10p	34		0.8	1.2	3.4	(32.7)
134	65	Noble & Lund 10p	128	+2	0.7	4.3	0.8	42.1
60	44	Norton	44	–1	t0.95	7.0	3.0	6.3
143	96	♦Norank Systems 5p	140		—	—	—	17.9
286	187	Norcros	262	+2	9.3	2.2	5.0	12.5
180	49	Nu-Swift 5p	165	+10	3.5	2.1	3.8	22.2
£335	£228	OCE 9pc Cnv 1987-92	£335		Q9%	—	£2.7	—
118	80	Oakwood Grp	98		t5.0	1.5	‡	12.2
250	209	Office & Elect	232		8.5	2.9	5.6	8.6
183	70	Oldacre 20p	175		♦5.0	♦	4.1	♦
36	24	♦Optometrics $0.01	26		—	—	—	—
825	500	Orme £1	825	+5	24.5	2.1	4.2	16.0
10	6	Ovenstone 12½c	♦		♦Q3.23c	1.9	14.1	3.7
142	85	♦PCT Grp 10p	110xd		3.2	♦	6.0	♦
£20½	950	PLM "B" Sk 25	£17½	+½	Q23.2%	0.3	3.3	—
194	114	PSM Intl	180	–2	♦d5.5	2.1	4.5	13.7
255	167	♦Pacer Systems $0.01	195		L$Q3.84c	3.4	1.4	21.7
78	56	♦Pacific Sales 10p	62		3.0	2.3	6.8	0.1
342	225	Park Place 10p	330		♦16.25	1.9	2.2	27.7
445	246	Parker Knoll "A"	375		t9.5	2.9	3.6	13.6
555	208	♦Parkfield Group 5p	495xd		3.6	♦	1.0	♦
53	20	♦Paxton Intl	25	+1	—	—	—	6.1
£130	£78	Do 11pc CvLn '94-02	£90xd	+2	Q11%	—	14.8	—
608	395	Pearson	520	–5	10.0	2.8	2.7	17.4
26	12	Peek Holdings 7p	19♦		—	—	—	—
145	88	Peerless	143	–2	6.3	♦	6.4	♦
519	141½	Pentland 10p	465	+5	t0.75	22.4	0.2	26.4
£14	775	Photo-Me	£12¾		t5.00	8.3	0.6	–
475	315	Pilkington Br. £1	416		13.5	2.7	4.6	(9.0)

INSURANCES

LEISURE

LEISURE—Continued

1986 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
115	50	Leisuretime Int 10p	83xd		t2.9	♦		
137	100	♦Lowmar	105		u2.63	3.3		
228	133	♦Media Tech Int 20p	133		L2.58	5.4		
*170	130	Medminster 10p	130		t5.35	2.7		
220	130	♦Miss World 10p	190	+5	t5.2	3.3		
90	62	Nationwide Leisure	67		t3.75	2.5		
17	10½	♦Nimslo Int 20c	11	–1	—	—		
35¾	25	♦Owners Abroad 3p	34	+½	1.5	2.3		
90	46	Pleurax (Lon.)	65		—	—		
34	28½	♦P'dilly Radio NV 5p	30½xd	+½	2.0	1.2		
*73	25½	♦Pineapple 10p	60		—	—		
391	280	Pleasurama 5p	325xd	+2	t7.5	3.6		
178	136	Do. 7pcCnCmRedPf	154xd		7%	—		
157	100	Prestwich	134		Th0.35	7.0		
43	10	♦Radio City "A" NV	35		—	—		
48	33	♦Radio Clyde N/V	48		3.25	0.9		
395	322	Really Useful Grp 5p	368		h11.25	2.2		
64	44	Riley Leisure 10p	46		—	—		
230	134	Saga Hols. 20p	135		4.6	2.6		
355	155	Samuelson Grp 20p	185	–5	2.4	6.5		
125	73	♦Sangers Photo 10p	80	+2	♦2.2	♦		
178	158	♦Scamro 50p	140		4.0	3.5		
340	175	Scott. TV 10p	318		10.5	3.0		
294	134	SeaCo Inc $0.125	177	+10	—	—		
27	7	♦SelecTV 10p	21	+½	—	—		
37	20	♦Spectrum 5p	24		♦L2.0	4.8		
46	31	TSW 5p	45		t1.7	2.4		
*279	144	TVS N/Vtg 10p	226xd	+1	M10.0	2.5		
180	113	♦Television Svcs 50p	115		2.0	1.0		
242	219	Thames TV	239	+1	u9.5	1.9		
72	50	Tottenham Hotspur	69		t4.0	—		
96	66	♦TriRon 10p	70		L1.1	3.3		
260	140	♦Tyne Tees TV "A" £1	235		u10.5	2.0		
135	104	Ulster TV N/V "A"	128	+1	t6.25	2.6		
100	50	♦Videoplan 5p	53		1.6	♦		

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

MINES

Central Rand

Eastern Rand

Far West Rand

NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 31
(International Edition Page 21)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Aug 11	Aug 28	Aug 29	Sept 8
Sept 1	Sept 11	Sept 12	Sept 22
Sept 15	Sept 25	Sept 26	Oct 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

US demand finally encourages good advance in equity leaders

London markets changed course several times yesterday as investors altered tack on a stream of trading influences, both good and bad. The session began encouragingly with leading stocks advancing in the wake of Wall Street's buoyancy on Tuesday; the Dow Jones surged ahead strongly to within a few points of its highest-ever level and bonds also went sharply better.

Further buying enthusiasm was aroused by the early announcements of new takeover bids, the largest being the IEP (UK) offer for Ocean Transport and Trading, but interest was tempered by Sedgwick's call for £186m, via a rights issue. The cash is needed to help finance the acquisition of Crump Cos Inc, America's eighth largest insurance broker.

Poor mid-term figures and a cautious statement on second-half prospects from sector leader Blue Circle Industries caused a fresh erosion in confidence and the gains in the FT indices were pared; in the case of the FT Ordinary share the rise was almost erased. The tone deteriorated further following announcement of the July trade returns which, although marginally better than some forecasts, still portrayed a worrying trend on UK current account.

Interest rate hopes faded after news that the West German Bundesbank would not hold a press conference after today's meeting, but the effects on sentiment were countered by a revival of US support. The buying was aimed at current favourites including British Petroleum, Shell Transport, Glaxo and Jaguar. Being heavily weighted towards oil shares, the FT-SE 100 share took off again to close at the day's highest of 1,629.8, up 13.6. The FT Ordinary share ended only 3.9 better at 1,280.5.

The authorities were active in the Gilt-edged sector, selling stock of all three tranches issued to the market on Tuesday. The £150m of Conversion 10 per cent 1996 was exhausted at 103 and the Government broker also sold further supplies of Treasury 9½ per cent 2002, at 103⅜, before withdrawing. At the shorter end of the market, the authorities were on and off in Exchequer 11 per cent 1990 at 105$\frac{1}{16}$.

Completion of the business saw prices react and lose fresh ground later on Gilt futures indications. The downturn continued in the after-hours trade to leave all maturities showing minor losses on the day, after early gains extending to ½.

Sedgwick react

Lloyds broker Sedgwick fell 27 to 345p as the company announced a £186m rights issue to principally finance the acquisition of Crump Companies Incorporated. Other Lloyds brokers were marked down in sympathy with Willis Faber falling 16 to 409p, C. E. Heath losing 7 to 480p and Hogg Robinson easing 4 to 322p. Composite Insurance, strong performers in recent days, turned easier in the absence of further support. Royals slipped 5 to 842p while Commercial Union lost 3 to 302p. Sun Alliance, half-year figures due shortly, ended 5 off at 705p, but GRE recovered from an initial level of 853p to close unaltered at 860p. In the Life sector, Pearl touched £15½ following the good interim results before easing back on profit-taking to close unchanged at £14¾.

The major clearing banks continued to trade quietly, but usually closed a few pence firmer. Irish banks, however, remained on offer with Bank of Ireland down 5 more at 188p and Allied Irish 6 lower at 212p, a two-day fall of 18.

Apart from Guinness, which encountered occasional US demand and hardened a few pence more to 348p, Breweries finished a shade easier for choice. Wines and Spirits showed Irish Distillers 20 lower at 185p reflecting currency influences.

Trading statements and bid developments prompted several noteworthy movements in the Building sector. Blue Circle came on offer following interim profits some £2m below market estimates and the price dipped 18 to 535p, but AMEC responded positively to half-year profits at the top of the range with a gain of 14 to 284p. Marley touched 124p in reply to the satisfactory mid-term profits before easing back following a meeting with analysts to close 4 higher on balance at 122p. Taylor Woodrow fell 17 to 315p after comment on the interim results, while Cement Roadstone encountered nervous offerings ahead of the half-year figures due early next month and closed 5 lower at 101p. On the bid front, timber group May and Hassell soared 31 to 142p following an agreed offer worth some £14m from Hillsdown Holdings, a shade dearer at 303p. Meyer International, a long standing takeover favourite in the Timber sector, gained 11 to 250p in sympathy. Elsewhere, J. Jarvis rose 10 to 435p in a restricted market on news that H. P. Bard had increased its stake to 27.06 per cent, while Tay Homes gained 11 to 135p following reports of a couple of broker's circulars.

ICI touched £10½ prior to closing ⅝ higher at £10⅝ following a bear squeeze. Among other Chemicals, Anchor dipped 13 to 217p reflecting persistent small selling in an unwilling market. Laporte edged up 4 to 367p, but Foseco shed that much, to 231p.

Stores mark time

Major High Street Retailers showed little inclination to move from overnight levels. Marks and Spencer, 212p, Combined English, 233p and Gussies A, £14½, all improved a few pence, but Harris Queensway dipped 4 to 232p. Next were unchanged at 255p following the placing of over 1m shares with clients of Cazenove to satisfy holders of options under the Grattan senior management scheme. Revived support in a limited market lifted Dunhill 10 more to 530p and Austin Reed A 8 to 150p, while further consideration of the first-half figures buoyed USM-quoted William Bedford, finally 5 to the good at 83p.

Stylo returned to favour and advanced 10 to 233p. Elsewhere in Footwear counters, dealings in FII were resumed at 310p following the rights issue and acquisition of Lotus; the new nil-paid touched 30p premium before settling at 25p premium.

The Electrical leaders opened firmer, but drifted back before settling little changed on the day. British Telecom ended a couple of pence firmer at 198p following the board changes. Among secondary issues, speculative activity persisted in D. J. Security Alarms which touched 112p before closing 8 higher on the day at 108p. Still reflecting the interim figures, Cambridge Electronic lost 5 further to 195p, but BSR, up to 73p following comment on the half-year results, reacted to close without alteration at 70p. Late support left United Scientific 5 better at 148p.

Disappointing interim figures prompted a reaction of 7 to 109p in recent favourite Weir Group, but revived speculative activity developed in Glynwed which put on 10 to 308p. Elsewhere in the Engineering sector, bid speculation continued in Whessoe, up 6 more at 114p for a two-day rise of 20. TI, a rising market recently on talk of a consortium bid led by Evered, eased 8 to 478p on the unwinding of speculative positions. Movements among the leaders were limited to a few pence either way.

Leading Foods were inclined harder with Cadbury Schweppes 2 dearer at 172p and Rowntree Mackintosh 5 better at 380p. Northern Foods firmed 4 to 288p. Elsewhere, Albert Fisher added 4 to 183p helped by news that Guardian Royal Exchange had acquired a 5 per cent stake, while Dalepak responded to buying in a restricted market and rose 8 to 162p. Meadow Farm, which rose 15 on Tuesday reflecting takeover hopes, were suspended at 275p at the company's request pending an announcement.

Glaxo up again

Glaxo provided the main source of interest in the miscellaneous industrial leaders, advancing 27 to 982p in response to persistent US buying interest. Other gains were usually limited to a few pence, but Metal Box firmed 5 to 183p and Trafalgar House 4 to 286p. Elsewhere, London and Midland Industrials rose 5 to 225p and the Deferred shares 7 to 135p on the agreed bid from Williams Holdings; the latter fell away to close 20 lower at 680p. Smiths Industries featured a rise of 13 at 278p ahead of the Farnborough Air Show, while Hunting Associated were also noteworthy for a gain of 10 at 300p. Satisfactory preliminary figures and the return to the dividend list prompted a rise of 8 to 126p in Kennedy Smale, but profit-taking clipped 5 from CVD at 170p following the previous day's rise in response to the increased dividend and annual earnings. Revived speculative demand left Benlox 4 dearer at 40p, while Worcester put on 10 further to 205p. Equipu encountered selling and dipped to 115p before recovering a little to close 13 down on balance at 122p. Currency influences left Waterford 6 off at 108p. Awaiting further bid developments, Hargreaves improved to 272p before settling a couple of pence higher at 268p.

Jaguar, a depressed market of late as a number of brokers downgraded profit estimates in the wake of the disappointing interim figures, rallied 27 to 515p reflecting "cheap" support and a squeeze on bear positions following overnight demand on Wall Street. Elsewhere in Motors, AE were unchanged at 234p as Turner and Newall announced that it now holds 30.9 per cent of the equity. Kwik-Fit hardened a few pence to 116p in belated response to favourable comment.

Paper/Printings lacked a decided trend. Olives Paper Mill featured with a gain of 5 to 55p following the disclosure that Melton Medes now controls just over 12 per cent of the equity. Wace continued to respond to comment in the weekend Press and hardened 2 more to 72p, but last week's speculative high-flier Ault and Wiborg shed that much to 43p. Ireland's Jefferson Smurfit were marked 9 lower to 223p. Communication counters highlighted Barham which responded to persistent inquiry with an advance of 8 to 155p.

Slough Estates attracted support following the interim results and closed 6 higher at the day's best of 170p. Brixton Estate, half-timer due on September 15, added a couple of pence to 159p in sympathy. Elsewhere in the Property sector, Chesterfield rose 15 to 470p as the company bought in 25,000 of its own shares at 467p per share. Stewart Nairn revived with a gain of 1½ at 17p, while Abaco found support at 74p, up 3. Wingate picked up 10 to 420p, but Brookmount encountered scrappy selling and shed that amount, to 310p.

The recently lacklustre Shipping sector came to life yesterday. Ocean Transport and Trading, a perennial takeover favourite, spurted to 238p before settling a net 17 higher at 235p following proposed offer terms from Mr Ron Brierley's IEP; Ocean's board has rejected the approach as "totally without merit" and "completely unacceptable." P & O, once regarded as a possible suitor for Ocean, hardened a few pence to 511p, after 513p, on support ahead of the interim results scheduled for September 3. British and Commonwealth rose 5 to 268p in the wake of its purchase of Irish leasing concern Woodchester. Walter Runciman responded to revived speculative interest with a gain of 8 to 141p.

Investment Trusts made modest progress over a broad front. Alliance Trust improved 10 more to 797p, while similar gains were noted for Fleming American, 550p, and Drayton Consolidated, 345p. Continental Assets improved 7 to 104p. Financials rarely strayed from overnight positions, although Britannia Arrow improved a couple of pence more to 151p awaiting today's interim statement.

Oils advance

Recent strong buying interest in the oil sector, much of which has been directed towards the majors, spilled over into many of the secondary issues. However, BP and Royal Dutch/Shell continued to dominate the sector with the news that the Norwegian Government is seeking to reduce oil production from the North Sea. Responding to renewed firmness in spot oil prices, the increase and optimism over today's second-quarter results, BP moved up 13 more to a year's best of 870p—a rise of 70 since the beginning of last week. Shell raced up to close a further 27 higher at 880p and Royal Dutch added £1¼ at £60¼. Britoil were marked up to 138p at the outset but eventually settled a couple of pence firmer at 136p and Ultramar put on 5 to 146p. Among second-liners Caledonian Offshore advanced a further 10 to 105p—a two-day improvement of 20—ahead of the annual results scheduled for next Wednesday, while news that Hambros had increased its stake to 9.59 per cent boosted North Sea and General 4 to 29p. Dealers reported persistent demand for Sapphire Petroleum, 3¼ firmer at 22½p, and Exploration Company of Louisiana, 6 better at 42p, the latter on further consideration of the recently-announced results. Triton Europe continued their revival and jumped 8 more to 135p.

A much quieter session in mining markets followed the see-saw performance of precious metal prices. The latter came under pressure in New York late on Tuesday and gave ground during initial dealings in London before staging a good rally in the afternoon. Bullion dipped to around $378 at the morning fixing in London but subsequently picked up to end the day at $381—a net fall of $1.375, while platinum dropped to $578 prior to trading in the region of $590 in the latter part of the session. Golds and Platinums were marked down at the outset of business and moved narrowly until the early afternoon when minor support from the US and Johannesburg saw prices stage a modest recovery. At the close the majority of the leaders were still showing small losses on balance and the Gold Mines index showed a 1.1 fall at 244.9.

Among Platinums, Rustenburg retreated 25 to 720p, Impala 15 to 725p and Lydenburg 10 to 620p. South African Financials were mixed. "Johnnies" jumped £3 to £69 in response to the sharply increased preliminary profits and dividend. Anglo American Corporation, a major holder of "Johnnies" improved in sympathy to close 25 up at 850p.

The continued firmness of domestic equities helped UK-domiciled Financials make further progress. Rio Tinto-Zinc moved up 9 to 607p and Consolidated Gold Fields added 7 at 497p. Australians were quietly mixed. Placer Pacific, which touched 102p on its market debut a week ago, fell back to close 5 down at 88p, while Central Norseman Gold dipped 10 to 403p. Among the speculative issues Oil Search attracted good support and rose 4 to 22½p. Tins showed Malaysia Mining 3 firmer at 24p while Pengkalen were quoted at 175p prior to being suspended just before midday following a similar move on the Kuala Lumpur market.

Traded Options

Demand for Traded Options improved sharply, mainly reflecting increased activity ahead of the expiry of the August series at 3.30 pm. Total contracts struck amounted to 25,432—18,956 calls and 6,477 puts. Of the expiring classes, British Telecom attracted 2,339 calls and 487 puts, while Lonrho contributed 795 calls and 848 puts. Elsewhere, Beecham Trust remained lively with 1,723 calls transacted. Boots and BP recorded 1,891 and 1,088 puts respectively.

FINANCIAL TIMES STOCK INDICES

	Aug 27	Aug 26	Aug 22	Aug 21	Aug 20	Year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	89.66	89.74	89.54	89.85	89.93	83.58	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.67	95.48	95.72	95.81	95.83	88.60	97.68	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,280.5	1,276.6	1,271.2	1,267.1	1,268.4	991.3	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	244.9	246.0	235.9	226.9	222.5	290.4	357.0 (7/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.30	4.33	4.35	4.37	4.37	4.75				
Earnings Yld.%(full)	10.40	10.47	10.52	10.55	10.56	11.73				
P/E Ratio (net)(*)	11.72	11.64	11.59	11.56	11.55	10.54				
Total Bargains (Est.)	39,520	39,975	30,864	30,734	30,731	20,546				
Equity Turnover £m.	—	404.42	451.04	671.97	679.27	300.64				
Equity Bargains	—	18,555	16,348	18,535	19,934	17,546				
Shares Traded (ml)	—	181.9	201.6	504.4	481.8	151.4				

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
[illegible]	1279.8	1277.8	1276.1	1277.0	1277.1	1278.0	1279.2

Day's High 1283.6. Day's Low 1276.1.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.33.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

S.E. ACTIVITY

Indices	Aug.26	Aug.22
Gilt Edged Bargains	100.6	83.5
Equity Bargains	122.1	105.9
Equity Value	817.4	911.7
5-Day Average		
Gilt Edged Bargains	124.6	118.3
Equity Bargains	120.0	122.0
Equity Value	1104.5	1133.4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Wednesday August 27 1986

Figures in parentheses show number of stocks per section

	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues Aug 26 Index No.	Fri Aug 22 Index No.	Thurs Aug 21 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (213)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (26)	[illegible]									
3 Contracting, Construction (31)	[illegible]									
4 Electricals (12)	[illegible]									
5 Electronics (38)	[illegible]									
6 Mechanical Engineering (61)	[illegible]									
8 Metals and Metal Forming (7)	[illegible]									
9 Motors (16)	[illegible]									
10 Other Industrial Materials (22)	[illegible]									
21 CONSUMER GROUP (182)	[illegible]									
22 Brewers and Distillers (22)	[illegible]									
25 Food Manufacturing (22)	[illegible]									
26 Food Retailing (15)	[illegible]									
27 Health and Household Products (10)	[illegible]									
29 Leisure (28)	[illegible]									
32 Publishing & Printing (14)	[illegible]									
33 Packaging and Paper (14)	[illegible]									
34 Stores (38)	[illegible]									
35 Textiles (17)	[illegible]									
36 Tobacco (2)	[illegible]									
41 OTHER GROUPS (88)	[illegible]									
42 Chemicals (20)	[illegible]									
44 Office Equipment (4)	[illegible]									
45 Shipping and Transport (13)	[illegible]									
47 Telephone Networks (2)	[illegible]									
48 Miscellaneous (49)	[illegible]									
49 INDUSTRIAL GROUP (483)	[illegible]									
51 Oil & Gas (17)	[illegible]									
59 500 SHARE INDEX (500)	[illegible]									
61 FINANCIAL GROUP (117)	[illegible]									
62 Banks (7)	[illegible]									
65 Insurance (Life) (9)	[illegible]									
66 Insurance (Composite) (7)	[illegible]									
67 Insurance (Brokers) (9)	[illegible]									
68 Merchant Banks (12)	[illegible]									
69 Property (50)	[illegible]									
70 Other Financial (23)	[illegible]									
71 Investment Trusts (101)	[illegible]									
81 Mining Finance (2)	[illegible]									
91 Overseas Traders (14)	[illegible]									
99 ALL-SHARE INDEX (734)	[illegible]									
FT-SE 100 SHARE INDEX ♦	[illegible]									

FIXED INTEREST

PRICE INDICES	Wed August 27	Day's change %	Tues August 26	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]				
3 Over 15 years	[illegible]				
4 Irredeemables	[illegible]				
5 All stocks	[illegible]				
Index-Linked					
6 5 years	[illegible]				
7 Over 5 years	[illegible]				
8 All stocks	[illegible]				
9 Debentures & Loans	[illegible]				
10 Preference	[illegible]				

AVERAGE GROSS REDEMPTION YIELDS	Wed August 27	Tues August 26	Year ago (approx.)
British Government			
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 Coupons 15 years	[illegible]		
3 25 years	[illegible]		
4 Medium Coupons 5 years	[illegible]		
5 15 years	[illegible]		
6 25 years	[illegible]		
7 High Coupons 5 years	[illegible]		
8 15 years	[illegible]		
9 25 years	[illegible]		
10 Irredeemables	[illegible]		
Index-Linked			
11 Inflat'n rate 5% 5 yrs.	[illegible]		
12 Inflat'n rate 5% Over 5 yrs.	[illegible]		
13 Inflat'n rate 10% 5 yrs.	[illegible]		
14 Inflat'n rate 10% Over 5 yrs.	[illegible]		
15 Debs & Loans 5 years	[illegible]		
16 15 years	[illegible]		
17 25 years	[illegible]		
18 Preference	[illegible]		

♦Opening index [illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (124)

AMERICANS (11), CANADIANS (1), BANKS (6), BREWERS (1), BUILDINGS (5), CHEMICALS (5), STORES (5), ELECTRICALS (4), FOODS (1), INDUSTRIALS (13), INSURANCE (1), LEISURE (1), MOTORS (1), PAPER (2), PROPERTY (3), SHIPPING (1), TRUSTS (42), OILS (10), OVERSEAS TRADERS (1), MINES (1).

NEW LOWS (12)

BUILDINGS (2) Barratt & Hallamshire, Dunton. CHEMICALS (1) Scottish Agricultural Inds. ELECTRICALS (4) CPU Computers, Cambridge Electronic, Oxle Electric, Lexicon Inc. INDUSTRIALS (4) Airsprung, Equipu, High-Point Services, P.S.'H' (1) [illegible]. SHIPPING (1) See Containers.

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd	10½
Allied Arab Bank Ltd	10	Financial & Gen. Sec.	10
Allied Dunbar & Co	10	First Nat. Fin. Corp	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk	10	● Robert Fleming & Co	10
Amro Bank	10	Robert Fraser & Ptrs	11
Henry Ansbacher	10	Grindlays Bank	10
Associates Cap Corp	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm	10	C. Hoare & Co	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Mase Westpac Ltd	10
● Banque Belge Ltd	10	Meghraj & Sons Ltd	10
Barclays Bank	10	Midland Bank	10
Benchmark Trust Ltd	11	● Morgan Grenfell	10
Beneficial Trust Ltd	11	Mount Credit Corp. Ltd	10
Berliner Bank AG	10	National Bk of Kuwait	10
Brit. Bk of Mid. East	10	National Girobank	10
● Brown Shipley	10	National Westminster	10
CL Bank Nederland	10	Northern Bank Ltd	10
Canada Permanent	10	Norwich Gen. Trust	10
Cayzer Ltd	10	PK Finans. Intl (UK)	10½
Cedar Holdings	10	Provincial Trust Ltd	11
● Charterhouse Bank	10	R. Raphael & Sons	10
Citibank NA	10	Roxburghe Guarantee	11
Citibank Savings	¶10¾	Royal Bank of Scotland	10
City Merchants Bank	10	Royal Trust Co. Canada	10
Clydesdale Bank	10	Standard Chartered	10
Comm. Bk. N. East	10	Trustee Savings Bank	10
Consolidated Credits	10	UDT Mortgage Express	¶10½
Continental Trust Ltd	10	United Bank of Kuwait	10
Co-operative Bank	*10	United Mizrahi Bank	10
The Cyprus Popular Bk	10	Westpac Banking Corp	10
Duncan Lawrie	10	Whiteaway Laidlaw	10½
E. T. Trust	11	Yorkshire Bank	10
Equatorial Tst Corp. plc	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£2,500+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. † Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.62%. Mortgage 11%.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May. Vol.	May. Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: [illegible]

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 18	Sept 5	Nov 20	Dec 1
Sept 8	Sept 19	Dec 4	Dec 15
Sept 22	Oct 3	Dec 18	Dec 29

For rate indications see end of Unit Trust Service

Money was given for the call in [illegible] Bristol Oil and Minerals, BSG International, FKI, Aurora, A. F. Bulgin A, S. W. Wood, Parkdale, International City Holdings, [illegible] United Scientific, Imperial Continental Gas, Pavion, Westwood Dawes, Premier Oil, Abaco Investments, BSR and Hyman. No puts were reported, but doubles were transacted in Barker and Dobson, Raglan Property Trust, Rowntree Mackintosh and Abaco and Rowntree Mackintosh.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Brit. Aerospace	512	+1	Pearl Assurance	£14¾	—
BP	811	+13	Royal Insurance	842	−5
GRE	860	—	Sedgwick Group	345	−27
ICI	£10⅝	+⅝	Shell Transport	880	+27
Jaguar	515	+27	Ultramar	146	+5
Ocean Transport	235	+17	Willis Faber	409	−16

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Nil-paid.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On Tuesday Rises	On Tuesday Falls	On Tuesday Same
British Funds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Corporations, Dominion and Foreign Bonds	[illegible]					
Industrials	[illegible]					
Financial and Properties	[illegible]					
Oils	[illegible]					
Plantations	[illegible]					
Mines	[illegible]					
Others	[illegible]					
Totals	[illegible]					

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

August 27. Total contracts 25,432. Calls 18,956. Puts 6,477.

*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLAND

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued from Page 31

[illegible]

CANADA

TORONTO

Closing prices August 27

[illegible]

MONTREAL

Closing prices August 27

[illegible]

Total Sales 1746,235 shares

Indices

NEW YORK

[illegible]

TORONTO

TORONTO	Aug 27	Aug 26	Aug 25	Aug 22	1986 High	1986 Low
Metals & Minls	2,046.5	2,046.50	2,022.0	2,014.7	2,442.65 (21/3)	1,917.4 (5/8)
Composite	3,038.1	3,036.30	3,017.3	3,015.7	3,129.11 (18/4)	2,754.0 (11/2)
MONTREAL Portfolio	1,523.22	1,521.23	1,505.87	1,505.19	1,623.33 (15/4)	1,306.8 (22/1)

* Indicates pre-close figure

[illegible]

** Saturday August 23: Japan Nikkei 18132.83. TSE 1508.89.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES		
AMEC	284	+14
BP	670	+13
Caledonian Off	105	+10
D J Security	108	+ 8
Glaxo	982	+27
Glynwed Int	308	+10
Jaguar	515	+27
Kennedy Smale	128	+ 8
Lon & Midland	225	+ 5
Marley	122	+ 4
May & Hassell	142	+30
Meyer Int	250	+11
Nth Sea & Gen	28	+ 4
Ocean Trans	235	+17
Olives Paper	55	+ 5
Shell Trans	930	+27
Slough Est	170	+ 8
Smiths Ind	278	+13
Triton Europe	135	+ 8

FALLS		
Anchor Chem	217	−13
Blue Circle	535	−18
Irish Distil	185	−20
Sedgwick Group	345	−27
Taylor Woodrow	315	−17
Weir	109	− 7
Williams Hldg	630	−20
Willis Faber	409	−18

European bourses take their cue from the US

Continued from Page 32

managed a DM 2.20 gain at DM 508.20 while Porsche dropped DM 11 to DM 1,078.

Steels staged a technical rebound from recent falls while bank and machinery makers, both weak on Tuesday, regained their poise.

Mannesmann scored a DM 15 advance to DM 195, Commerzbank sparkled with a DM 4.80 rise to DM 348 and Linde at DM 768 was DM 11 higher, offsetting part of the DM 18 loss of the previous session.

Varta scored a DM 8 advance to DM 369 on its forecast for higher 1986 profits.

Bond prices fall up to 45 basis points as foreign investors moved out ahead of today's Bundesbank policy council meeting which could signal a move on rates. The central bank announcement that it would not hold a press conference after today's meeting suggested, however, that the discount rate – currently 3.5 per cent – would not be cut although rate changes have occurred in the past without a press briefing.

The central bank was particularly active yesterday with hefty purchases of DM 205.3m of domestic paper after sales of DM 45.1m on Tuesday. The average yield on public-authority paper edged 1 basis point higher to 5.57 per cent.

Brussels was quietly lower. The Belgian Stock Exchange index slipped 3.57 to 3,833.48.

Petrofina bounced back with a BFr 120 advance to BFr 8,970 after Tuesday's BFr 140 drop while Sofina, the financial holding group, added BFr 250 to BFr 11,400. Chemical issue UCB was also higher with its BFr 70 sprint to BFr 8,970.

Retailers were mixed as Delhaize added BFr 50 to BFr 3,150 and GB Inno EM dropped BFr 140 to BFr 8,360.

Among lower banks, Kredietbank surrendered some of its recent gains with a BFr 200 drop to BFr 18,750. The bank is thought likely to proceed with a rights issue next month.

Zurich closed higher in moderate turnover as the stronger dollar triggered a small bout of buying. Banks and insurers were among the strongest.

Milan ended a succession of falls with a modest rally instigated by institutional and foreign demand.

Montedison recovered L140 to L3,690 as negotiations continue over the group's planned takeover of the Swedish biotechnology group Fermenta.

Fiat scored a L300 jump to L18,000 while Generali posted one of the largest gains of the session with a L2,000 rise to L167,000.

Saipem was one of the few to move against the trend with a L6 fall to L5,299.

Oslo enjoyed brisk trading which pushed the All-Share index 3.61 higher to 288.85. Norsk Hydro's NKr 8.50 jump to NKr 155.50 reflected the moves on oil production and likely price rises while Norsk Data, the other leading blue chip, jumped NKr 8 to NKr 232.

Elkem and Kvaerner Industrier resumed trading after Elkem revealed the NKr 570m price it paid for a 27 per cent stake in Kvaerner. The former jumped NKr 8.50 to NKr 114 while the latter closed up NKr 5 to NKr 185. Both issues were heavily traded.

Banks were generally weak, with Bergen down NKr 1 at NKr 164 and Christiania losing 50 ore at NKr 183.

Stockholm was steady in moderate trading. Volvo, due to report results today, shed SKr 3 to SKr 401 while Ericsson, also scheduled for results today, slipped SKr 1 to SKr 227.

Aga continued to lose ground with a further SKr 11 drop to SKr 188 after its poor first-half earnings figures.

Fermenta remained suspended pending clarification of the proposed takeover by Montedison.

Madrid lost more ground in quiet trading. Utilities and communications led the fall.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 31

NYSE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chg
		S S S								
13	10¼	SL Ind s	.16	1.5	15	60	11	10⅞	10⅞	−⅛
45¾	20⅛	SPSTec	.88	2.1	15	20	42⅝	42⅜	42½	
16¾	10⅝	Sabine	.04	.3		z60	13⅞	13¼	13⅜	+⅜
18⅞	10⅞	SabnR	1.76e	13.		96	13¾	13⅝	13⅝	
22⅝	13¾	SfgdBs	.30	1.8	20	183	17⅜	16⅝	16⅝	−⅜
15⅞	8¾	SfgdSc			18	49	14⅝	14	14¼	+¼
		X Y Z								
72¼	45¾	Xerox	3	5.2	16	2184	58⅞	58	58	−⅝
58¼	33½	Xerox pf	5.45	9.5		1147	57¼	57⅛	57⅛	
28¾	20⅝	XTRA	.64	2.6		109	25	24½	24¾	+⅛
17¾	13½	Yorkin n				305	15⅞	15⅝	15¾	
38	28½	ZaleCp	1.40	3.6		21	35⅞	35½	35⅞	−⅛
9½	3¼	Zapata	.03j			329	3¾	3⅝	3¾	
43⅞	23⅞	Zayre s	.32	1.1	19	3724	29⅛	28¾	29	+⅛
17	10¾	Zemex	.40	3.8	11	4	10⅝	d10⅝	10⅝	−¼
28⅞	16¼	ZenithE				1318	25	24⅜	25	+¼
10¼	8⅝	ZenLb s			25	1102	9⅞	9½	9⅝	−⅛
22⅞	14⅜	Zero s	.29	1.8	16	546	16⅝	15½	16¼	
45¾	32¾	Zurnin	1.32	3.4	14	71	38⅝	38¼	38½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued on Page 29

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Early rally proves short-lived

AN ADVANCE to highs in Wall Street yesterday proved short-lived in the face of a setback in federal bonds, *writes Terry Byland in New York.*

Lacking the futures-oriented buying programmes so significant on Tuesday, the blue chips abandoned their early gains, leaving the market with mixed changes.

Bonds lost nearly half a point after hopes on another round of concerted rate cuts by the G-5 countries were checked by a firm denial from the Bank of Japan and by the Bundesbank's failure to schedule a press conference today.

The Dow average jumped 5 points within the first hour to clear its record close of 1,909.03, and the other leading indices also forged into new territory. Mirroring the Dow, stock in IBM closed unchanged at $141⅛ after a heavy trading session.

But the indices soon turned off as technology stocks lost their initial gains. Oil, the other plank of Tuesday's market strength, continued to gain ground. Strength in airline stocks again boosted the Dow transportation average.

At the close, the Standard & Poor's 500 and the NYSE Composite indices had edged forward to new peaks, but the Dow Jones industrial average, finally up 0.28 points at 1,904.53 remained just short of its all-time high. NYSE turnover eased to 144.1m shares.

Bullishness in oils was stimulated by the belief among industry analysts that the Opec production agreement may be successfully maintained. Earlier this week, an investment press report indicated that US drill rigging activity has at last commenced a recovery.

Atlantic Richfield, up $1⅛ at $58½, again stood out strongly, with Chevron, up $¾ at $44⅞, and Texaco, $1¼ higher at $34.

The announcement of a new chairman for Exxon when Mr Clifton Garvin retires in December left the shares $1½ up at $69½ in busy trading.

Among the oilfield services groups, Schlumberger added $¼ to $33⅞, in another active trading session, but Reading Bates remained unchanged at $2.

The reverberations of the Transportation Department's rejection of Texas Air's bid for Eastern – although not certain to stop the merger – left Texas $1 up at $30 and Eastern unchanged at $8⅞.

United Air jumped $2⅞ to $58 as it became clear that its planned purchase of Frontier Air had been abandoned. People Express, admitting that there was no other buyer for Frontier, eased $½ to $4½.

The other major domestic air carriers again benefited from the problems among the fare-cutters. American added $¾ to $56¾ and Delta $¼ to $44. Pan Am brightened by $⅛ to $5¾.

A weak spot among the heavy manufacturers was Navistar, now a truck and truck component company, which eased $⅛ to $7¾ after trimming its administrative and sales staff.

With programme traders no longer supporting blue chips, General Motors shares flagged again, shedding $⅛ to $73½. At $53¾ Ford added $⅛, and Chrysler held steady at $41.

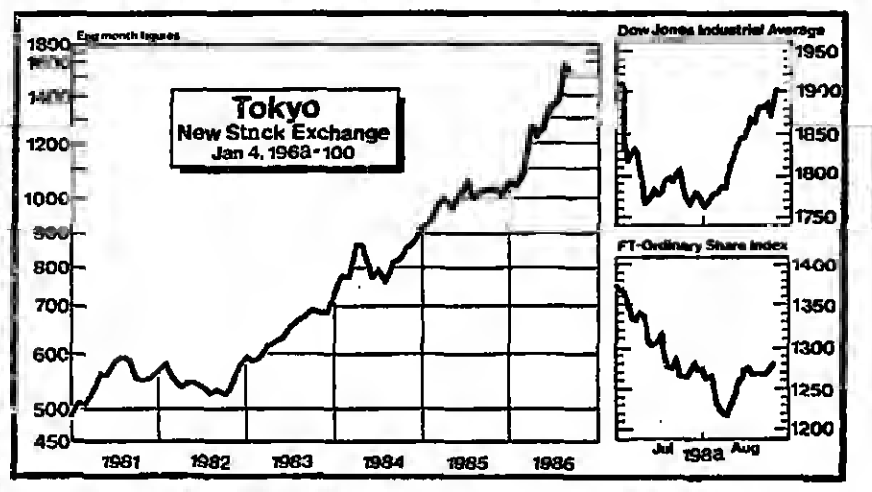
Banks were a shade easier as analysts calculated the effects of the prime rate cuts on prospective earnings. However, with short-term rates still low and another half point in discount rate widely expected before Christmas, bank profits could receive a further boost before the year end.

Chase Manhattan at $42⅝ was only $⅛ off, and similar paths were traced by Bankers Trust, $⅛ off at $51⅝, and Manufacturers Hanover, unchanged at $46⅞.

In the insurance sector Crump Companies jumped $2½ to $32¾ in the over-the-counter markets after Sedgwick Group of the UK agreed to pay $33 a share for the equity.

There were some firm spots among the retail issues, but the best gains were not held. J.C. Penney, which has returned to favour since its latest profits statement, added $⅛ to $78⅝. Federated Department Stores, up $⅛ at $86, also found buyers, but Sears Roebuck shaded $⅛ to $46¾.

KEY MARKET MONITORS



STOCK MARKET INDICES

	August 27	Previous	Year ago
NEW YORK			
DJ Industrials	1,904 53	1,904.25	1,322.47
DJ Transport	781.50	774.00	688.55
DJ Utilities	217.78	217.72	159.62
S&P Composite	253.30	252.84	188.10
LONDON			
FT Ord	1,280.5	1,276.6	991.3
FT-SE 100	1,629.8	1,616.2	1,310.8
FT-A All-share	803.57	798.38	633.64
FT-A 500	883.76	877.07	694.24
FT Gold mines	244 9	246.0	290.4
FT-A Long gilt	9 43	9.42	10.32
TOKYO			
Nikkei	18,503.27	18,640.83	12,691.4
Tokyo SE	1,529 50	1,552.45	1,016.0
AUSTRALIA			
All Ord	1,182.4	1,179 3	941.8
Metals & Mins	545.3	543.6	524.6
AUSTRIA			
Credit Aktien	237.88	239.15	199.31
BELGIUM			
Belgian SE	3,833 48	3,873.05	2,361.09
CANADA			
Toronto			
Metals & Mints	2,048.5	2,046.50	2,077
Composite	3,038 1	3,036.30	2,784.5
Montreal			
Portfolio	1,523 22	1,521 23	134.70
DENMARK			
SE	197.74	198.30	211.60
FRANCE			
CAC Gen	410.90	405.70	219.7
Ind. Tendance	156 90	155 00	81 0
WEST GERMANY			
FAZ-Aktien	696 51	691.72	497.96
Commerzbank	2,104.80	2,090.70	1,461.3
HONG KONG			
Hang Seng	1,932.99	1,917.00	1,667.30
ITALY			
Banca Comm.	811.14	802 90	366.84
NETHERLANDS			
ANP-CBS Gen	297.70	292.80	217.6
ANP-CBS Ind	298.20	294.30	191.2
NORWAY			
Oslo SE	367.61	361.60	350.37
SINGAPORE			
Straits Times	822.86	805.79	748.44
SOUTH AFRICA			
JSE Golds	–	1,678.00	1,037.0
JSE Industrials	–	1,294.00	957.9
SPAIN			
Madrid SE	195 20	195.75	82.02
SWEDEN			
J & P	2,496.66	2,505.46	1,336.57
SWITZERLAND			
Swiss Bank Ind	561.70	557.40	473.2
WORLD	Aug 26	Prev	Year ago
MS Capital Int'l	359.20	358.2	219.4

COMMODITIES

(London)	Aug 27	Prev
Silver (spot fixing)	344.55p	345.55p
Copper (cash)	£874.50	£873.25
Coffee (Sept)	£2,225.00	£2,197 50
Oil (Brent blend)	$14.30	$14.15

GOLD (per ounce)

	August 27	Prev
London	$381.00	$382.375
Zürich	$380 25	$380.75
Paris (fixing)	$377.71	$380 02
Luxembourg	$378 65	$379.70
New York (Dec)	$386 30	$385.60

CURRENCIES

(London)	US DOLLAR Aug 27	US DOLLAR Previous	STERLING Aug 27	STERLING Previous
$	–	–	1.4845	1.4835
DM	2.0445	2.0495	3.035	3.04
Yen	154.65	154.95	229.5	229.75
FFr	6.7025	6.715	9.95	9.9625
SFr	1.6450	1.6520	2.4425	2.45
Guilder	2.3085	2.3125	3.4275	3.4325
Lira	1,411.5	1,411.5	2,095.5	2,094
BFr	42.35	42.35	62.85	62.85
C$	1.3965	1.3955	2.0725	2.0685

INTEREST RATES

	Aug 27	Prev
Euro-currencies (3-month offered rate)		
£	9⅝	9$\frac{9}{16}$
SFr	4¼	4$\frac{3}{16}$
DM	4$\frac{7}{16}$	4½
FFr	7$\frac{5}{16}$	7½
FT London Interbank fixing (offered rate)		
3-month US$	5¾	5⅞
6-month US$	5¾	5¾
US Fed Funds	5¾*	5$\frac{13}{16}$
US 3-month CDs	5.50*	5.50
US 3-month T-bills	5.28*	5.285

US BONDS

Treasury

		August 27 Price	August 27 Yield	Prev Price	Prev Yield
6⅝	1988	100$\frac{9}{32}$	6.091	100$\frac{9}{32}$	6.041
7¼	1993	102$\frac{15}{32}$	6.79	102$\frac{23}{32}$	6.745
7⅝	1996	102$\frac{15}{32}$	7.018	102$\frac{25}{32}$	6.961
7¼	2016	100	7.249	100$\frac{7}{32}$	7.195

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index (Aug 27*)	Day's change	Yield	Day's change
1–30	157.80	–0.15	6.80	+0.03
1–10	149 73	–0 12	6.51	+0.03
1– 3	139 81	–0.03	6.14	+0.02
3– 5	152.29	–0.16	6.66	+0.04
15–30	186.89	–0.22	7.76	+0.01

Source: Merrill Lynch

Corporate	August 27* Price	August 27* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	91.375	6.45	91.125	6.53
SCaT South Central				
10⅞ Jan 1993	106.75	9.47	106.75	9.47
Phibro-Sal				
8 April 1996	99.6254	8.05	99.6254	8.05
TRW				
8¾ March 1996	101.933	8.45	101.933	8.45
Arco				
9⅞ March 2016	107	9.18	106.45	9.21
General Motors				
8⅛ April 2016	93.25	8.77	93	8.79
Citicorp				
9⅜ March 2016	99.75	9.4	106	9.375

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	101–20	102–10	100–19	102–13
US Treasury Bills (IMM) $1m points of 100%				
Sept	94.61	94.83	94.79	94.83
Certificates of Deposit (IMM) $1m points of 100%				
Sept	n/a	n/a	n/a	94.51
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	94.14	94.21	94.14	94.14
20-year Notional Gilt £50,000 32nds of 100%				
Sept	121–09	122–06	121–08	121–31

* Latest available figures

TOKYO

Tax report triggers profit-taking

REPORTS that the Finance Ministry plans to tax capital gains on stock investments triggered profit-taking selling of large-capital issues in Tokyo yesterday and a sharp decline in prices, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average dropped 137.56 to 18,503.27. Volume remained at a heavy 1.812bn shares although it fell from 2.035bn shares on Tuesday. Losers outpaced gainers 540 to 299, with 119 issues unchanged.

Large-capital steels, shipbuildings, heavy electricals and utilities, which had been leading the bullish market since last month, suffered serious setbacks due to the reported plan. Non-residents also unloaded on a massive scale. They placed sell orders of 109m shares with the Big Four brokerage houses in the morning alone, more than three times the normal volume and more than three times their buy orders of 35m shares.

Coming at a time when investors are increasingly cautious about the rapid rise in share prices, the capital gains tax report had a much greater impact on market participants than expected.

Nippon Steel, first on the active list with 184.89m shares, fell Y12 to Y259 and Kawasaki Steel Y11 to Y288 on the second-heaviest trading of 115.76m shares. Mitsubishi Heavy Industries lost Y18 to Y6638 and Nippon Kokan Y19 to Y290. Hitachi closed Y20 down at Y1,040, and Tokyo Electric Power plummeted Y360 to Y6,540.

However, communications related companies were selected. Trading houses planning to enter the field drew heavy buying, with Mitsubishi rising Y70 to Y1,290, Mitsui Y10 to Y800 and C. Itoh Y21 to Y916.

Matsushita Electric Industrial jumped Y90 to Y1,600, NEC Y50 to Y1,900, and Oki Electric Industry Y35 to Y850. Toyota Motor, which plans to launch a joint international communications service with General Motors of the US among others, also soared Y90 to Y1,650.

Expecting the Government to stimulate business activity through heavier public spending, investors concentrated on general contractors. Taisei climbed Y32 to Y812, and Kajima went up Y20 to Y1,290. Tekken Construction finished Y100 higher at Y1,020.

On the bond market, a leading securities company bought vast amounts of the benchmark 6.2 per cent government bond maturing in July 1995, pushing the yield down from 4.555 per cent on Tuesday to 4.520 per cent at one stage. But the yield picked up to 4.550 per cent on later profit-taking and easier government bond futures.

Until yesterday, institutional investors and dealers had been basically bullish, expecting co-ordinated interest rate cuts by Japan and the US in September. But they then became discouraged by prospects that the West German Bundesbank might not cut its official discount rate yet and would instead reduce only the Lombard rate.

SINGAPORE

INVESTORS recovered from the previous day's panic following the unexpected prison sentence on Malaysian politician Tan Koon Swan and re-focused their interest on the market.

Both Malaysian and Singapore stocks found favour as share prices rose over a abroad front in active trading. With the Pan-Electric Industries episode firmly behind it, the market headed for rising issues, notably property counters.

City Development gained 12 cents to S$2.00, and United Overseas Land rose 8 cents to S$1.48. Singapore Land rose 28 cents to S$5.00, Malayan Banking 20 cents to S$4.22 and Singapore Press 35 cents to S$8.35.

The Straits Times industrial index added 16.97 to 822.86, with turnover increasing to 28.5m units from 26.5m the previous day.

EUROPE

Encouraged by prime rate cuts

THE OVERNIGHT surge on Wall Street galvanised sentiment on the European bourses yesterday as most centres took encouragement from Tuesday's cut in UK bank prime rates.

Paris continued on its higher path by registering the 13th consecutive gain on the strength of the New York run to record heights and the prospect of the West German Bundesbank cutting its key rates.

The main bourse index gained 1.6 per cent to within a whisker of its record high.

Oils, following the lead set by many US petroleum groups, were actively higher on the news that Norway might be prepared to cut production and thus boost crude prices. Total-CFP was the best feature with its FFr 32.50 surge to FFr 477.50, a gain of 7 per cent, while Elf-Aquitaine added FFr 7 to FFr 351.

Construction issues, reflecting the hopes of lower interest rates, gained ground, with Bouygues FFr 29 higher at FFr 1,459, while Screg continued to oscillate with a further 5 per cent gain of FFr 1.90 to FFr 38.40.

The car sector posted strong rises, with Peugeot gaining FFr 30 to FFr 1,250 on a favourable analyst's report. Michelin managed a FFr 75 advance to FFr 3,565, and Valeo closed the session FFr 20 stronger at FFr 541.

The electronics and engineering sectors also saw broad gains. Alcatel was FFr 100 up at FFr 2,190, Thomson-CSF FFr 16 to FFr 1,750, Avions Dassault FFr 29 to FFr 1,479 and Matra FFr 76 to FFr 2,775.

Food and general retail stocks managed solid progress, with BSN finishing the session FFr 51 up at FFr 4,200 and Source Perrier – a recent favourite among foreign investors – advancing FFr 20 to FFr 780. Moët-Hennessy, the champagne to rosebush group, reversed the softer tone displayed on Tuesday with a FFr 24 gain to FFr 2,315 while Pernod Ricard, also weak in the previous session, managed a FFr 20 rise to FFr 1,095.

Carrefour, the hypermarket chain, edged FFr 10 higher to FFr 3,395, and Au Printemps at FFr 846 was FFr 3 higher.

Bongrain moved against the trend with its FFr 2 drop to FFr 2,045.

Bonds were higher in moderate volume despite some late profit-taking. Heavier than usual demand was evident for long-dated state issues.

Amsterdam carried through the rally started late on Tuesday as the ANP-CBS General index moved 4.9 higher to 297.7, just below its record.

Sporadic profit-taking developed late in the session, but sentiment remained fundamentally bullish, according to brokers.

Internationals, inspired by the strong showing on Wall Street, led the rally. Royal Dutch closed Fl 4.70 higher at Fl 208.50, and Akzo at Fl 97.20 was Fl 2.20 up.

Unilever recovered the losses of the previous session with a Fl 3.50 rise to Fl 518.50 while Naarden International, subject to a bid by Unilever, odded Fl 1.20 to Fl 91.50 on news that Arab Banking had built up a 10.2 per cent stake in the fragrances group over the past week.

Fokker retreated 30 cents to Fl 72.50 despite its recent announcement that it had sold a further seven F-100 aircraft, and KLM added 20 cents to Fl 43.60 despite the higher oil prices.

Nat-Ned edged 50 cents higher to Fl 87.70 after revealing lower revenue and a marginal gain in first-half profits.

Among publishers, VNU failed to respond well to its 13 per cent rise in first-half earnings and the group shed Fl 3 to Fl 343.

The bond merket was little changed. The CBS Bond index slipped 0.2 to 119.3, and the average yield on Dutch government bonds rose to 5.61 per cent from Tuesday's 5.79 per cent. Money market rates stabilised at overnight levels.

Frankfurt continued to fluctuate in a narrow range, with the Commerzbank index up 14.1 points to 2,104.8. Most of the gain was ascribed to the firmer Tuesday tone on Wall Street as domestic uncertainty persists over the likely moves of the Bundesbank on rates.

The car sector see-sawed again, with BMW rising DM 21.90 to DM 838.90 and Daimler adding DM 16 to DM 1,317. VW

Continued on Page 29

AUSTRALIA

INTEREST was reactivated in Sydney by the stronger local dollar, which is being supported by central bank activity, and renewed hopes of a cut in domestic interest rates.

The Government's move to lower the price of domestic crude boosted oil and gas issues. Santos put on 5 cents to A$3.85, Vamgas a similar amount to A$2.40 and Consolidated Petroleum 1 cent to 14 cents.

MIM advanced 5 cents to A$1.80 while Comalco, the 70 per cent subsidiary of CRA, ended unchanged at A$2.40. CRA, however, rose 10 cents to A$6.00.

Golds were lower, with Kidston off 10 cents at A$7.10, but Gold Mines of Kalgoorlie bucked the trend with a 10-cent rise to A$11.10.

SOUTH AFRICA

AN EARLY RALLY in gold shares, after the previous day's profit-taking, soon faded to leave the issues mixed by the afternoon's trading along with industrials.

Anglo American Gold closed up R3 at R325 while parent group Anglo American Corporation gave up 25 cents to close at R63.75. De Beers put on 25 cents to R32.75, and Barlow Rand lost 10 cents to close at R19.05.

LONDON

US support provides new strength

AFTER a mixed beginning, London strengthened yesterday, and the FT-SE 100 closed at a day's high of 1,629.8, up 13.6. The FT Ordinary share gained only 3.9 to 1,280.5.

Buying enthusiasm was initially aroused by Wall Street's performance and the announcement of takeover bids, the largest being the IEP (UK) offer for Ocean Transport and Trading, up 17p at 235p. But interest was tempered by Sedgwick's call for £186m through a rights issue. Sedgwick fell 27p to 345p.

Poor results from Blue Circle, down 18p at 535p, then eroded confidence, and the tone continued lower as hopes of a cut in the West German interest rate faded.

But support from the US effected a revival with buying aimed at favourites BP, 13p up at 670p, Glaxo, 27p higher at 982p, Shell Transport, up 27p at 930p, and Jaguar with a 27p advance to 515p.

Gilts were mixed with gains of around ½ and some losses.

Chief price changes, Page 29; Details, Page 28; Share information service, Pages 26–27.

HONG KONG

A FAVOURABLE reaction to interim results announced by Hongkong and Shanghai Banking Corporation helped the market higher in Hong Kong.

Local buying interest returned after the bank reported a 7.9 per cent rise in profit to HK$1.2bn for the six months ended June 30, taking banking shares up.

A late surge of overseas buying boosted shares across the board. Hutchison Whampoa rose 75 cents to HK$34.25, Jardine Matheson 30 cents to HK$15.80 and Swire Pacific 'A' class shares 10 cents to HK$14.10.

The Hang Seng index rose 15.99 to 1,932.99, on turnover of HK$317.17m compared with HK$301.39m the previous day.

CANADA

OILS, METALS and mining issues led the modest advance in Toronto while industrials traded mixed.

Canadian Pacific eased C$⅛ to C$14⅞, and Thomson Newspapers class A rose C$⅛ to C$30¼ while FCA International was steady at C$21.

Among higher oils, Imperial class A added C$⅞ to C$44, Shell Canada climbed C$¾ to C$33¼ Texaco Canada added C$¼ to C$28⅜ and Gulf Canada firmed C$¼ to C$14⅞.

Montreal was also higher.